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LEGISLATIVE HISTORY

Public Law 270--79th Congress

Chapter 590--1st Session

H. R. 4780

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DIGEST OF PUBLIC LAW 270

SECOND WAR POWERS ACT CONTINUATION. Continues priorities, allocations, and rationing provisions of this Act until June 30, 1946.

INDEX AND SUMMARY OF HISTORY OF H. R. 4780

October 26, 1945	Hearings: House, H. Con. Res. 85, H. Con. Res. 86, H. Con. Res. 91, H. J. Res. 245 and H. Con. Res. 98. Declaring the date of termination of the war and extension of certain titles of the Second War Powers Act of 1942.
November 23, 1945	Introduced by Mr. Sumners and referred to the House Committee on the Judiciary. Print of the bill as introduced.
November 26, 1945	House Committee on the Judiciary reported H. R. 4780 without amendment. House Report 1282. Print of the bill as reported.
November 28, 1945	The House Rules Committee reported H. Res. 426 for the consideration of H. R. 4780. House Report 1315.
December 3, 1945	Debated in House and passed as reported.
December 4, 1945	Referred to the Senate Committee on the Judiciary. Print of the bill as referred to the Committee.
December 5, 1945	Amendment proposed by Mr. Hayden.
December 10, 1945	Hearings: Senate, H. R. 4780.
December 11, 1945	Senate Committee reported H. R. 4780 with amendments. Senate Report 844. Print of the bill as reported.
December 18, 1945	Senate began debate. Remarks of Senator Hickenlooper and New York Times article.
December 19, 1945	Debate concluded and passed Senate without amendment.
December 28, 1945	Approved. December 28, 1945

TERMINATION OF HOSTILITIES AND EXTENSION OF SECOND WAR POWERS ACT OF 1942

HEARINGS BEFORE SUBCOMMITTEE NO. 4 OF THE COMMITTEE ON THE JUDICIARY HOUSE OF REPRESENTATIVES

SEVENTY-NINTH CONGRESS

FIRST SESSION

ON

H. Con. Res. 85, H. Con. Res. 86, H. Con. Res. 91
DECLARING THE DATE OF TERMINATION OF HOSTILITIES
IN THE PRESENT WAR

H. J. Res. 245

A JOINT RESOLUTION TO DECLARE SEPTEMBER 2, 1945, AS
THE DATE OF CESSATION OF HOSTILITIES
IN THE PRESENT WAR

H. Con. Res. 98

DECLARING THE END OF THE UNLIMITED EMERGENCY,
THE NATIONAL EMERGENCY, AND THE TERMINA-
TION OF HOSTILITIES OF WORLD WAR II
AND
PROPOSED EXTENSION OF CERTAIN TITLES OF THE
SECOND WAR POWERS ACT OF 1942

OCTOBER 26 AND 29, 1945

Serial No. 10

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TERMINATION OF HOSTILITIES AND EXTENSION OF SECOND WAR POWERS ACT OF 1942

FRIDAY, OCTOBER 26, 1945

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON THE JUDICIARY,
Washington, D. C.

The subcommittee met at 10:30 a. m., Hon. Sam Hobbs presiding.

Mr. HOBBS. The committee will please be in order.

The committee is considering this morning the resolutions having for their purpose the fixing of a date of the termination of hostilities in the present war.

(Copies of the resolutions follow.)

[H. Con. Res. 85, 79th Cong., 1st sess.]

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring), That September 2, 1945, is hereby declared to be the date of the termination of hostilities in the present war.

[H. Con. Res. 86, 79th Cong., 1st sess.]

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring), That September 2, 1945, is hereby declared to be the date of termination of hostilities in the present war.

[H. Con. Res. 91, 79th Cong., 1st sess.]

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring), That August 14, 1945, is hereby declared to be the date of the termination of hostilities in the present war.

[H. Con. Res. 98, 79th Cong., 1st sess.]

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring), That the limited national emergency proclaimed on September 8, 1939, the unlimited national emergency proclaimed on May 27, 1941, and the hostilities known as World War II are hereby declared to be terminated.

[H. J. Res. 245, 79th Cong., 1st sess.]

JOINT RESOLUTION To declare September 2, 1945, as the date of the cessation of hostilities in the present war

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the date of the cessation or termination of hostilities in any and all wars in which the United States has been engaged

at any time since December 7, 1941, is hereby declared to be September 2, 1945, for all purposes, irrespective of any method heretofore prescribed by or under authority of law for the determination or fixing of such date of cessation or termination.

**STATEMENT OF HON. A. L. MILLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEBRASKA**

Mr. HOBBS. Mr. Miller, our colleague from Nebraska, is here and is going to elucidate his bill, House Joint Resolution No. 245. We will be glad to hear you, Mr. Miller.

Mr. MILLER. I appreciate the opportunity of appearing before this committee. Mr. Chairman, after World War I it took nearly 3 years before the Congress and another administration finally declared that hostilities were at an end. In the opinion of many people we should now recognize that the war is over. We should do that for a number of reasons. We have the big job of settling back to peacetime economy and many of the regulations that are now in force are delaying our returning to a peacetime economy. The longer we delay declaring hostilities at an end the longer we may expect the continuation of certain war powers which hinder a return to peacetime activities.

There are some 226 acts of Congress and directives which are tied to the ending of hostilities. I got a list from the Congressional Library and I assume that it is accurate; I have read it over. Some of the acts have already been declared nonoperative; some of them modified; but of this 226 I have been unable to determine just how many are still in effect.

Mr. SPRINGER. Mr. Miller, do not most of the acts to which you refer extend for a period of 6 months after the termination of the war and that means after passing a concurrent resolution?

Mr. MILLER. They vary from the termination of hostilities to from 30, 60, 90 days, 6 months, and some 5 years after the termination of hostilities, depending upon the way they are worded, whether by the Congress or by the President. Most of them apply to the so-called Second War Powers Act.

This ending of wartime controls must be done sometime and it seems to me that the sooner it is done the better it would be for the country. If there are some acts and powers that need to be retained, then the Congress in its wisdom can restore and keep the regulations they deem desirable and appropriate for the period of reconversion. This ought to be done by Congress as provided in the Constitution.

I am of the opinion that there are some acts which we have passed, certain portions of those acts, that should be retained.

But, I am thinking particularly of the act under which men enlisting in the Army did so for the period of the emergency plus 6 months. It seems to me that it is morally wrong, now that the war is over, to continue not only drafting men into the Army but to retain them there because we use the legal trick of continuing wartime controls. I believe this resolution, or some resolution, if adopted, would clarify the atmosphere. Important legislation which may be needed should be reexamined on its merits. We should not permit these unlimited powers to continue through our own default and deception.

The burden of proof that liberty should continue to be interfered with should be on the bureaucracy, the government agency, which de-

sires a retention of its extraordinary war powers. Every directive and wartime control should justify its existence or be discontinued. I think the Congress should explode the myth that the war is still going on, by prompt legislation.

Farmers, businessmen, and labor are wondering how much longer the many dictatorial regulations which the Federal Government put into effect under the plea of war necessity are to be continued. The fighting has ended and the Nation is trying to get back to a peacetime basis. There is much Washington political pressure to maintain bureaucratic control in peacetime. These controls should be rescinded because the freedom and speed with which industry will be able to reconvert to civilian production is tied directly to many of these controls.

If we are going to have the free enterprise system then these controls must be lifted. If we continue our wartime controls, we shall have given up our free competitive enterprise system.

The recent report of the Select Committee to Investigate Executive Agencies states very clearly that—

Important revisions of the Office of Price Administration must take place if orderly and speed transition of industry from its war-gear status to the resumption of full peacetime production is to be achieved.

This committee found that—

rigid adherence to out-dated OPA methods and formulas has retarded reconversion, prevented production, has restricted opportunities for full employment, and, in some instances, actually caused prices of cost-of-living commodities to rise. Price controls are untrustworthy and inevitably prevent full production. It is true there are some hazards under a free competitive system of production and distribution, but these natural hazards cannot be compared with the vagaries, inequalities, and general inefficiency of man-made controls.

That is a quotation from the Select Committee Investigating the OPA. They are speaking here about what controls are doing to American business, and I think it applies to all wartime restrictions that are now in effect.

The outlook for speedy reconversion is not bright unless all industry is freed from the network of regulatory chains that now restrict its activities.

The Second War Powers Act which affords the authority for allocations, priorities, rationing, and other authorities, expires at the end of November 1945. If I am not right in that I would like to be corrected.

Mr. HOBBS. That is correct.

Mr. MILLER. They can also be made to expire by declaring hostilities at an end. I am suggesting that VJ-day, which would be September 2, would be the logical date. The Veterans of Foreign Wars and the American Legion suggest the date of August 14, when the Japs finally surrendered. It makes little difference which day is selected, but one ought to be settled upon by this Congress.

There are segments of society and individuals who feel that we should long continue all forms of regimentation and control of the American people. If this is done, then free enterprise and liberty with our American way of life will be doomed forever. The philosophy which has grown in recent years that the Chief Executive should set the policy for the Government is contrary to our Constitution. Our Government is based on the philosophy that Congress, the elected

representatives of the people, shall determine policies and the Executive shall carry them out.

Mr. Chairman, I respectfully submit to your committee this statement in the hope that you will act favorably upon some resolution that sets a definite date for declaring hostilities have ended. This resolution sets that date as September 2.

Mr. HOBBS. Thank you very much for your testimony, Mr. Miller.

I understand you do not think there is any Aladdin's lamp about any particular date. We have four or five resolutions pending before us. We have several fixing September 2 as yours does, and we have one, I believe, fixing August 14.

Mr. MILLER. I have no particular date in mind. I suggested September 2 in my resolution, and I think the American Legion and the Veterans of Foreign Wars set the date on August 14, but I think some date should be set. In my humble opinion it must be done some time and ought not be delayed as in World War I.

Mr. HOBBS. In other words, you do not think there is any over-weening for any particular date?

Mr. MILLER. No; I do not, except I think there ought to be some date fixed; I do not think it should be permitted to go on indefinitely.

Mr. SPRINGER. I notice your resolution, Mr. Miller, fixes the date as September 2, 1945.

Mr. MILLER. Yes. That is the date the surrender terms were signed on the battleship *Missouri* in Tokyo Bay.

Mr. HOBBS. Thank you very much, Mr. Miller. We appreciate your presence and your testimony.

Mr. MILLER. Thank you.

STATEMENT OF HON. ROBERT A. GRANT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. HOBBS. I understand Mr. Grant of Indiana desires to be heard on his resolution.

Mr. BENNETT. Yes, Mr. Chairman; he wanted to be heard but he is unable to be here. He has prepared a brief statement and asks permission to have it included in the record.

Mr. HOBBS. Without objection, it is so ordered.

(The statement referred to follows:)

Mr. Chairman, I am very much in sympathy with the concurrent resolutions that are pending before this committee to declare the termination of the hostilities of what was known as World War II, and I hope that it will receive the favorable support of this committee and of the Congress at the earliest possible date. One of these, House Concurrent Resolution 98, was introduced by me. In my remarks, which were made in connection with the introduction of this resolution, I placed in the Congressional Record a list of 229 Federal laws that contained emergency clauses of one degree or another; that is, that they expire upon the termination of the limited national emergency of September 8, 1939, or the unlimited national emergency proclaimed May 27, 1941, or upon the cessation of hostilities or 6 months after the war, and so on.

I pointed out at that time that there are undoubtedly some controls that must carry through the reconversion period, but we should have the courage to deal with them as reconversion controls and authorize them as such. We should stop using the emergency and the war as a catch-all to carry forward the multitude of wartime controls that were imposed upon the American people. We, in Congress, have expressed to both the War and Navy Departments our impatience over the delays in demobilization. We should be equally impatient with the delay in the demobilization of Government controls.

On every hand we find Government controls that are interfering with the orderly reconversion that we must have if we are to avoid serious unemployment in this country. The greatest encouragement that we could give to the whole reconversion program would be to enact into law a resolution by the Congress declaring the end of the emergency and the end of the war—deal with those relatively few controls that must be a part of the reconversion program and then give the business life of America an opportunity to expand and grow and thus provide the jobs that we have got to have to win the economic battle here at home.

**STATEMENT OF HON. MARION T. BENNETT, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MISSOURI**

Mr. HOBBS. We have with us our colleague from Missouri, Mr. Bennett. We will be glad to hear you, Mr. Bennett.

Mr. BENNETT. Mr. Chairman and gentlemen of the committee, I appreciate being given opportunity by the Judiciary Committee to appear in support of House Concurrent Resolution 86 which I introduced in the House on September 17, 1945. My resolution would declare September 2, 1945, VJ-day, as the official date of the termination of hostilities in the present war.

I think perhaps the committee would be interested in hearing two brief paragraphs from a letter I have received under date of October 12 from Staff Sgt. Eddie Bass, who is with the Fifth Air Force now in Tokyo, Japan. His letter is dated October 12 and was mailed from Tokyo. I quote from Sergeant Bass's letter:

My folks sent me a clipping of a story from the Springfield, Mo., paper recently in which you were quoted as favoring September 2, VJ-day, as the official end of hostilities. May I say that in the humble opinion of we fellows over here in Japan, such a declaration would do more to speed demobilization than any other single act. When I enlisted in the Army, I thought I was entering into a contract to give myself to my country for the duration of the war plus 6 months. Six months after the shooting stopped, I expected to be returned to civilian life. If the phrase, "duration of the war" is going to be bandied about by Congress and the War Department, then I feel my Government has not lived up to its contract with me.

This statement by Sergeant Bass is typical of many I have received and high lights the problem. Men were inducted under provisions of a law specifying their service for the duration of hostilities and not to exceed 6 months thereafter. The duration, according to law, would be over when the President so proclaimed or when Congress by joint resolution did so. Now, however, we find the Congress has not said the duration ended with the shooting. Officially, the war is still going full blast. Certainly so far as wartime regimentation of military manpower and activities of wartime Government agencies are concerned, when the enemy ran up the white flag it did not mean a thing.

Gentlemen, there can only be one explanation for the failure to declare the war at an end. That is an inability or unwillingness to face and solve the problem of peace. I am not prepared to confess that we are unable to solve these problems, and, for myself, I am willing to tackle the job now. I do not want this war emergency to continue indefinitely and with it the war economy we originally accepted only for the purpose of waging a battle of survival against foreign enemies. Let us have a show-down. The readjustments from war to a peace economy may be rough. But it can be made. It has been made before. If Congress leisurely tries to make this transition

it will take a long time. There are 229 emergency laws which are to expire at some 39 different dates, depending on when hostilities are declared at an end.

I have here a compilation of the laws and termination dates, prepared by the Library of Congress, which I will be glad to make a part of the record if the committee so desires. I think it might be helpful to the committee in a study of this matter.

As we say in the Missouri Ozarks, "Let's fish or cut bait." Let's declare an emergency to get out of the emergency we are in, if necessary, but let us stop the war we thought we had won. We will not have won it if we must continue the hostilities in order to readjust ourselves at home. We will have accepted the militarism and bureaucracy we have shed blood, lives, and billions of dollars to whip abroad.

It appears that volunteers and the regular armed forces will be more than sufficient for occupation purposes. Indeed, the President says the military is going to turn this job over to civilians next year. Let us keep faith with the draftees. Let us demobilize them and at the same time demobilize our top-heavy bureaucracy and Government controls.

Mr. HOBBS. Thank you very much for your appearance, Mr. Bennett, and your testimony.

With reference to the compilation you referred to, without objection we will receive it, and either put that in the record or the compilation made by the Attorney General, whichever seems to be the more exhaustive.

Mr. BENNETT. That is perfectly all right. I was merely trying to provide the committee with information which I thought would be helpful. The other list may be more complete, and if so it should be used.

Mr. HOBBS. We appreciate it and we do not want to be misunderstood. Whichever we think will be of more general interest we will put in the record. We appreciate the offer, however.

Mr. BENNETT. Thank you.

STATEMENT OF HON. EARL R. LEWIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. HOBBS. We will hear now our colleague from Ohio, who is a member of this committee, Hon. Earl R. Lewis, on a concurrent resolution which he has introduced.

Mr. LEWIS. Mr. Chairman and gentlemen of the committee, I have introduced Concurrent Resolution 91 to declare the termination of hostilities in the present war to be on August 14, 1945. That was the date that Japan, the last of our enemies, surrendered. Germany, as you know, had surrendered previously.

I realize that there are a number of resolutions to fix the termination date of the war, depending upon the date the Congress or the President determines shall be the end of hostilities.

The fact is that hostilities ended on August 14, and I see no reason why this Congress should not so declare and bring to an end this war-time economy, and let the boys in the armed services know the latest date for their discharges, which must be not later than 6 months after the date so fixed.

I am heartily in accord with what has been said by Mr. Bennett, who has just preceded me, and in the letter which he read from one of his constituents. It seems to me that the only reason that can be given for refusing such a resolution is this: That we are not ready to grapple with the problems of peace. Well, when will we ever get ready? It seems to me that we should keep faith with these boys whom we inducted into the Army and Navy and declare as an actual fact that the war ended on August 14, when Japan surrendered.

That, of course, would place a lot of problems in our laps. All right, we will have them whenever we declare this war ended, and let us declare it ended now and let us grapple with the problems involved in these 200-odd acts that will be affected. This resolution will not increase the number of problems but the failure to declare the war ended does increase their number from day to day.

I have a list of these acts prepared by the Library of Congress on this subject. I imagine it is the same list that Mr. Bennett has already presented to the committee and therefore I will not ask permission to introduce it.

That, it seems to me, is the fairest thing to do, the honest thing to do. Let us quit kidding these boys who are in the service by telling them the war is not over, because the war has ended. We know it is ended, and when it ended. We know there are no hostilities anywhere such as are referred to in these various laws that we passed during this emergency, and let us be honest and say so, and then grapple with the problems of peace that are going to be on hand anyway. If we pass this resolution it will do more to raise the morale of the boys overseas than anything that this Congress could do.

This resolution does fix a definite date for the end of the war and if this concurrent resolution is adopted that date will be August 14, and 6 months thereafter will be February 14, 1946.

Mr. SPRINGER. Now have you also received communications from the boys who are overseas with reference to the termination date for this war?

Mr. LEWIS. Oh, yes; like every other Member of Congress.

Mr. HOBBS. We are certainly much obliged to you, Mr. Lewis, and appreciate your coming and your testimony.

Mr. LEWIS. Thank you.

STATEMENT OF HON. LYLE H. BOREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. HOBBS. We are glad to have with us and will be pleased to hear at this time our colleague, Mr. Boren from Oklahoma.

Mr. BOREN. Mr. Chairman and gentlemen of the committee, I can add little to what has already been so well presented by Mr. Miller, Mr. Bennett, and other colleagues here today.

I am well aware that there are considerably more than 200 laws that would be affected by fixing a date as the war's official end. The date of September 2, which I suggested, is the actual consummation of the signing of the treaty and the actual consummation of the occupation, by our military, of Japan. But I do not want to quibble on whether it is August or September, or a few days one way or the other. I want this committee to determine what the real date is.

After the last war we celebrated the end of the war as of November 11 and used that as Armistice Day. The war was actually ended by treaty after that, but it was quite some time after that before Congress finally declared the war officially at an end.

I want to say in this instance that the only straightforward thing to do is to meet the problem. We know there will be strong pleas by those who represent the departments—I presume some of them are sitting behind me here now—that certain powers they have must be continued. I think that now is the time for Congress to review all the powers that have been granted and determine whether they should be continued or not. If they should be, then let us meet our responsibility and continue them on the basis that they ought to be continued, but let it be done on the basis of their value in this period after the war, not on the basis of continuing the war powers during a period of peace.

I think it is a dangerous thing for the power that is granted under exceptional circumstances and under special cloaks to be carried on under that cloak after the reason for its being conferred has ceased to exist. It is pretty much the same thing fundamentally, as a man parading under an alias, under an assumed name.

I do not say there are not hundreds of acts that are in effect, perhaps a third or a half of them that this resolution would repeal, acts which are in effect that should be continued. Perhaps some of them should, but if they should I think we should lay the cards on the table, let them come in here and make their plea, and let the Congress decide which of those ought to be continued and those that should not be, but let us not do it under the guise it is necessary in the war effort.

Use of the term "war effort" has made it difficult because of public sentiment, difficult for Congress properly to place these claims on a fair level, and it has made it difficult to ascertain and determine what really sometimes was in the interest of the war. Now, if they come in here and ask for more power or a continuation of power, let us get the information as to why they need this additional or continued power, and make our determination on that basis.

I think Mr. Bennett has made a very clear and concise statement. I do not think I need to add anything more, but I do feel very strongly that whatever the power is—it is not just a matter of the boys entering the service under a contract, under the Selective Service Act, but there are hundreds of other powers that are being used in the Government, and used many times under the cloak of war effort. All of these powers affect business, they affect the farmer and the average American; they all feel the effects of regulations and restrictions, and the only justification offered for them is "We are doing it for the war." And thousands and thousands and thousands of times we have heard the statement: "Don't you know there is a war on?" in justification of something that was being done, and many times it has been used merely as an excuse for doing something on the part of the claimant who has made the statement.

I think the time has come for us to say to some of these people, "Do you not know that the war is over?" I think this committee and this Congress should have the courage now to meet its responsibilities and to tell anybody in the executive branch, from the President on down

to the lowest official, that they must not come before the Congress with the claims that they want to continue war powers, and they must be able to justify them on the basis of their need now as peace powers. They must be justified on the basis of peacetime needs.

The question was asked my colleague, Mr. Lewis, whether he had received any correspondence from the boys overseas. It so happened when I introduced my resolution here that somebody put it in the Yank overseas, and I think it is safe to say I received in the neighborhood of 2,500 or 2,600 communications; in most of them were sent clipping from the Yank, but practically every one of these boys said something like this: "Well, God bless you; let's have something done that will let us know definitely where we are."

They did not indicate that they had any preference as to exactly what the date should be, but they did want to know whether we knew the war was over. That was one of the disturbing things facing the American people after the last war, not that the war was over, but actually they wanted to know whether the war is officially ended.

And, as has been suggested, there are problems we will have to meet and problems that we can meet, and I repeat, that when any agency comes down and says that it wants certain powers now, a continuation of the war powers, I think the committee should tell them that the war is over.

Mr. HOBBS. Thank you very much, Mr. Boren; we appreciate your presence and your statement.

Mr. BOREN. Thank you, Mr. Chairman.

Mr. HOBBS. The main question, of course, as has been stated by our distinguished conferees and colleagues, is, What portions of the laws or powers contained in these various acts should be continued and those which might be dispensed with as not having national benefits?

Mr. John W. Snyder is particularly interested in this matter of the Second War Powers Act, which expires by its terms, I believe, on December 31. He will be our first witness.

Mr. EMERSON. Mr. Chairman, Mr. Snyder expects to be here soon. He was detained in a Cabinet meeting this morning.

Mr. HOBBS. He was kind enough to advise that he would be in a Cabinet meeting, but he thought he might be able to get here by 11. In the meantime, Mr. Judson, are you prepared to make a statement on behalf of the Department of Justice?

STATEMENT OF HAROLD JUDSON, ASSISTANT SOLICITOR GENERAL

Mr. JUDSON. Mr. Chairman, we are here to give any assistance we can to the committee. I do not know, in the present stage, that we can be of any particular aid to the committee. However, we are here, and if there is anything the committee would like to ask or direct attention to, we will be glad to try to help.

I might say, Mr. Chairman, that you made the statement that Mr. Snyder was interested in the Second War Powers Act. It is also our information that Mr. Snyder, Director of the Office of War Mobilization, is to obtain from all the agencies of the Government a list of the temporary statutes that they do not further need, as well as a list of the statutes and powers which it is felt the agencies will need for a certain time, and he will present that. I assume that the com-

mittee is interested in getting Mr. Snyder's statement. He will arrive, it is believed, very shortly.

Mr. HOBBS. That was the understanding that we previously had, and that was why we thought it probable it would be more logical for him to be the first witness.

Would it be your idea that we should proceed with the various departments who care to be heard on special points and then ask your advice as our lawyer on the over-all picture, or on any points that occur to us, in cross-examination?

Mr. JUDSON. I understand, Mr. Emerson will correct me if I am wrong, that due to the immensity of this problem and because there are so many statutes involved, Mr. Snyder will not be in position to take up each of the special statutes today and say just what the agencies feel should be done with them, but that he will discuss the matter generally today and will in the very near future present the matter in detail.

I might point out, Mr. Chairman, that I am sure you are familiar with the report of the Attorney General which was made right after the surrender of Japan. This is not absolutely exhaustive. I think it may well be said that it is a very comprehensive compilation; we had the benefit of the compilation of the Library of Congress in preparing this document; and we also obtained from every agency in the Government a list of the statutes which they assume would affect them. However, there are some statutes, we know, that are not in here, and because of the manner in which they are indexed it would be very difficult to find all of them. Some of them are in appropriation acts. My attention was called to some. For instance, some said "Sixty days following armistice." And you will note that there are statutes of that type included in the report, but there are a number in the appropriation acts not contained in the report. Otherwise, I think it is quite exhaustive.

I might say also the Attorney General's report is printed as House Document 282, and probably will be of more value to the committee than the Department print, because the House document contains also the President's message and the views of the President as to the possible necessity of continuing some of the powers, and he listed some of them in the message itself. So if the committee uses House Document 282 it has the Attorney General's compilation as well as the Attorney General's opinion and the President's statement.

Mr. HOBBS. That is House Document 282?

Mr. JUDSON. Yes.

Mr. HOBBS. We were planning to ask the Department of Justice when they took the witness stand if they would be kind enough to verify the list of the Library of Congress and compare it with House Document 282, and add to it a supplement, or supply a list, whichever was the more exhaustive, so we could be assured of accuracy.

Mr. JUDSON. Mr. Chairman, I am not positive of this, but I would imagine that the list which Mr. Snyder will submit, when it is submitted, will be exhaustive and comprehensive, and I am sure that if it is not that in the meantime we could assist in working with the other agencies to make it so, so that insofar as possible the list will contain every statute which would be affected by determinations concerning the termination of hostilities, cessation of hostilities, armistice, duration of the war, and so on.

Mr. HOBBS. I may be wrong, but as I understand—and Mr. Emerson has been kind enough to offer this, and we appreciate it—I understand that Mr. Snyder will give us not only a list of the acts, but a synopsis of each. Is that your idea?

Mr. EMERSON. We have no list prepared now—we can get one up within a few weeks and submit it—but we have no over-all list of the statutes, with a synopsis.

Mr. HOBBS. I do not want to belabor this point, but in our discussions in this subcommittee we think it is very important that this be absolutely accurate, because it is manifest that if there are to be any points or factual matters in any of these acts to be eliminated and should be eliminated, that should be done by appropriate legislation at the earliest possible moment so that the public may be fully advised, and if we are going to do that then it ought to be absolutely accurate. So that some of you gentlemen or somewhere in the Department we would like very much to have you collaborate with the others and get an accurate list and tell us authoritatively what is contained in those acts, with respect to the inquiries we are conducting.

Mr. JUDSON. Mr. Chairman, we will undertake to discuss the matter with the Office of War Mobilization and with the cooperation of the other agencies we will undertake to bring over a list and make it as complete as we can.

Mr. HOBBS. In the meantime you have already now in House Document 282 a very good beginning for our purpose.

Mr. JUDSON. The synopsis you speak of I assume would be similar to the synopsis that has already been given you.

Mr. HOBBS. That is right, but an extension over what you have already done.

Mr. FELLOWS. I notice one of the gentlemen who has spoken said that it might be a matter of a few weeks, if I understood him correctly, before he could get these statutes. I think it is important that this committee come to some conclusion soon, and if we have to wait for a matter of a few weeks it will be the first of the year before we can reach a conclusion.

Mr. HOBBS. It is not going to be a short hearing, Mr. Fellows.

Mr. FELLOWS. I know that is true.

Mr. HOBBS. We are likely to be here quite some time.

Mr. FELLOWS. If it takes a few weeks to get the statutes before us, I am afraid I will be an old man before we reach our conclusion.

Mr. HOBBS. You cannot convince us of any lack of youth on your part.

The committee will come to order. Our colleague, Mr. Buffett of Nebraska, has submitted a statement which we are glad to include in the record.

(Statement of Hon. Howard H. Buffett, a Representative from the State of Nebraska, follows:)

Mr. Chairman, I urge favorable consideration of legislation fixing either August 14 or September 2 as the official date of the termination of the war. Not being a lawyer, I do not propose to comment upon the technical aspects of such a declaration. My purpose in appearing is to urge upon the members of this committee, with all the earnestness at my command, the desperate need for the demonstration of integrity in high places that this declaration would give to the people of this country.

I recognize that many able and plausible arguments can be presented for the continuation of the war, so far as emergency powers are concerned. But,

I also wish to point out that if the Congress of the United States succumbs to these arguments it will be a bitter disappointment to the people of America.

Constitutional government has pretty well disappeared over the face of the world. This disintegration has in large part been caused by the willingness of those in power to use technicalities to perpetuate emergency powers. Nothing can do more to revive the confidence of the American people and the world at large in constitutional government than for the Congress of the United States to set an example of intellectual honesty and forthright decision in this situation.

Civilization is first and foremost a moral thing and neither rhetoric nor clever conditioning of the public mind can be expected to fool the people on this critical matter. The success of the hope for a better world depends upon the reestablishment of the faith of the American people in the truthfulness of their Government. That cannot be done by temporizing on an issue as vital as the prompt termination of the powers granted only for the war period.

In conclusion, I urge the members of the committee to consider thoughtfully the statement of a leading statesman of Europe not long ago. His words were:

"When I survey the international panorama, the ruin and impoverishment of nations, the weakness of their governments, the irresoluteness of principle, the social tension; when I see the crisis of life, the crisis of the soil, the crisis of morality, I feel that nothing can be of service to the world that does not first reestablish the example of national integrity."

In my judgment this committee by decisive action on this problem can make a tremendous contribution to the revival of the faith of the American people in the honesty of their Government.

Mr. HOBBS. We are glad to have Mr. Snyder with us at this time.

STATEMENT OF JOHN W. SNYDER, DIRECTOR OF WAR MOBILIZATION AND RECONVERSION

Mr. SNYDER. Mr. Chairman and members of the committee, I am grateful for your invitation to appear here today and discuss with you the proposed legislation to declare formally that hostilities have ended and to discuss also the need for extending for 1 year certain provisions of the Second War Powers Act which are now scheduled to expire December 31. Both of these matters are of the utmost importance to reconversion. One, the proposals to declare formally a cessation of hostilities would, if it were enacted into law at this time seriously interfere with the reconversion program. The second, extension of the Second War Powers Act, is vital to the orderly transition of our economy from the dislocations caused by our wartime effort.

The economy of our Nation, as all of you know, is passing through a critical period. Factories are being dismantled and retooled. Business is switching from Government purchase to private markets. Several million men and women are out of work. Veterans are flooding home from the wars to search for productive jobs. There are severe shortages in many kinds of goods and services.

The guiding policies being followed by all departments and agencies of the Government concerned with the problems arising out of the transition from war to peace were laid down by President Truman a few days after the Japanese surrendered. In Executive Order No. 9599 the President declared our primary objectives during the transition period are:

First, to assist in the maximum production of goods and services to meet domestic and foreign needs.

Second, to continue the stabilization of the economy as authorized by the Emergency Price Control Act of 1942 and the Stabilization Act of 1942.

And third, to move as rapidly as possible without endangering the stability of the economy toward the removal of price, wage, production, and other controls and toward the restoration of collective bargaining and the free market.

You gentlemen are familiar with the speed with which the War Production Board and other agencies have revoked several hundred wartime controls just as soon as the need for them passed. There will be no slackening in this policy. We are determined that no wartime control will be exercised one day longer than is absolutely needed.

But in our haste to return to the ways of peace there is a grave danger that the very machinery we need to attain an orderly reconversion may be thrown out of gear by too hasty abandonment of some wartime controls whose need continues to be vital. The dangers inherent in blanket repeal of emergency statutes, such as would be effected through a resolution or proclamation of the cessation of hostilities, demand that before any such action be taken there should be a careful review of all the statutes which might be affected.

President Truman, in his message to the Congress on September 6, pointed out that a large number of statutes would lapse immediately upon a declaration that hostilities have terminated and that many more would lapse within a period of from 2 to 6 months thereafter. The Attorney General has prepared a comprehensive report on the principal statutes that confer wartime powers, with particular reference to the circumstances under which each terminates. Copies of that report were transmitted to the Congress by the President, and I feel sure this subcommittee will find it useful in analyzing the far-reaching effects of legislation which would commit Congress to a declaration that hostilities have ceased.

The Selective Service Act, for instance, would become inoperative on the date such a declaration was signed. Induction of the young men who must be trained to relieve our combat veterans in the occupation forces would be stopped. The Army's demobilization program would be seriously affected and unjustified hardships would be imposed upon the veterans in Europe and Asia whose return to their homes would be unduly delayed.

I am informed that very serious doubt exists as to whether the preferred reemployment status of veterans would continue in force after the formal date set for cessation of hostilities. I have that from the Attorney General.

As the Attorney General's report discloses there are numerous other statutes which would be wiped off the books if hostilities were declared terminated now. I will not take your time by listing them, as they are before you in that list.

The Army does not believe we can safely proclaim hostilities are at an end now, I am informed. Our troops are still deployed in numerous isolated and unfriendly areas where the dangers of guerrilla warfare are present. The War Department has representatives here who are prepared to explain the actual situation with respect to the continuation of "hostilities."

For the reasons I have mentioned, it seems clear that blanket revocation of all of those statutes would not be wise.

However, orderly and individual revocation of war powers no longer needed should not wait upon a formal proclamation that hostilities

have ceased. As the President has suggested, all of the emergency war statutes should be reviewed individually. This would make it possible to keep those that are needed and to revoke those that have outlived their usefulness. Toward this end we are undertaking the following program.

First, I am asking the various Government agencies exercising powers which are limited to the duration of hostilities, the end of the war, or some similar period, to examine those statutes in detail and report to me which of those statutes may be dispensed with now and which should be retained until some future date. In this latter category I am asking that the earliest possible termination date be suggested for the emergency powers which should continue. I shall, of course, review these reports carefully, and shall do my best to see to it that only those powers are retained which can clearly be proven essential.

When these reports are in my hands—and I am confident that we shall obtain them in well under a month—I shall be in a position to make recommendations to the President and to Congress that certain powers be eliminated immediately, and that others be set for revocation at definite dates in the future.

Certain of the emergency war powers are terminable by the President when he deems them no longer essential, and I shall recommend that he exercise this authority to dispose of statutes in this classification which have outlived their need.

Certain other powers can be terminated by the Congress through a concurrent resolution without the necessity of a finding that hostilities have ended. I shall quickly recommend such action to Congress when our study reveals statutes in this category which are no longer needed.

A few statutes terminate only through a resolution or proclamation that hostilities have ceased. I shall recommend that all such statutes as are no longer necessary be repealed by the Congress, rather than that they be terminated through a blanket action, such as a resolution or proclamation of the cessation of hostilities.

Some action along these lines already has been taken. The Congress last month repealed the statute which set forward the clocks in wartime. The President, by proclamation, on October 3 declared an end to the emergency period, defined in the Internal Revenue Code for the purpose of tax facility amortization.

I hope that you will agree that the program I have outlined will foster quick and orderly revocation of unneeded war powers, and permit the retention of essential emergency statutes until Congress has had a full opportunity to review the need for their continuance.

With the committee's permission, I would like to return now to a discussion of the need for and the vital importance of continuing some of the major provisions of the Second War Powers Act beyond their present expiration date at the end of this year. Without this legislation, it would have been impossible for the economy of this Nation to have reached the full mobilization which brought us victory in a total war.

The authority granted under certain provisions of this act is equally essential now, while we still have serious economic dislocations arising out of our war effort. Without these provisions, the Government will not be equipped to meet the crises and economic problems which are

arising in this period of major readjustment of our economy. Untimely removal of the controls authorized by the act would seriously delay reconversion.

My discussion will deal chiefly and rather generally with title 3 of the act which establishes the emergency rationing and allocation powers, and which is absolutely essential to the reconversion programs. The operating agencies of the Government are represented here, and prepared to fill in the details and tell why some of the other titles of the act should also be extended at this time.

These other sections of the bill are equally important—the Maritime Commission, for instance, wishes to discuss with the committee some of its problems under title 1—but the dangers that would be created by abrupt withdrawal of the powers conferred by title 3 are such that I want to take all of my time to emphasize them.

It is impossible today to predict accurately how or where or when all the shortages and bottlenecks that may crop up from time to time during the transition period will occur. The Government must be prepared, as it is now, to step in when these obstacles threaten to slow down reconversion and thereby delay the return of unemployed men and women to their postwar jobs.

Industry for some time will continue to face serious shortages in certain critical areas stemming from the depletion of our war stock piles and the inadequacy of imports. This makes it imperative to retain the allocation and conservation authority granted by title 3. Equitable distribution of these critically tight materials can be achieved only through allocation. It is the one way we can make sure that most important needs are met first when there is insufficient material to meet all needs.

Tin, natural rubber, and lead, all of which are essential in many of our most important reconverting industries, are examples of the materials whose distribution must be closely supervised for the benefit of the whole economy in the immediate future. Tin, for instance, must go into cans for food, into solder for industry, and into other essential channels before any of the scanty supply can be allowed to be diverted into such things as toys and jewelry.

Another essential to orderly reconversion is the continuation of the priority powers which the War Production Board is using now to break those bottlenecks which threaten to delay civilian production unduly or to retard reemployment. Priorities may be used to aid a single plant or an entire industry.

There have been numerous cases recently in which WPB's assistance in obtaining one or two items of machinery has been sufficient to put into operation a plant which otherwise would have remained idle for weeks, or even months.

Again, WPB is using priorities to increase the production of certain items whose scarcity is retarding expansion of an entire industry. Clay soil pipe is an example. Its production is being expedited through priorities to permit more rapid expansion of the vital construction operations.

If the Civilian Production Administration, which will succeed the WPB next month, should be deprived of this power during the reconversion period, we might well be confronted with plants standing idle and workers out of jobs for lack of one or two pieces of equipment or because a few tons of an essential material could not be obtained.

WPB priorities continue to have military importance also. They are used, where necessary, to assure that essential manufacture for all our armed forces occupying foreign soil will be able to operate on schedule, and to give our soldiers, sailors, and airmen the maintenance and supplies they must have.

Continued use of priorities will be necessary for several months also to insure an adequate flow of textiles into lower-priced garments. In normal times textiles would be distributed among the garment trade in accordance with normal supply and demand. But now, because of the over-all shortage in textiles, there is a tendency for manufacturers to concentrate on the production of high-priced garments which provide a higher margin of profit.

If this tendency were allowed to continue unchecked, it would mean substantial increases in the amounts our working men and women would be forced to pay for clothing—a major part of their cost-of-living budgets. It would mean that fewer garments would reach the markets, because expensive clothing usually consumes more textiles.

The OPA and WPB have cooperatively worked out a program to stimulate the production of lower-priced clothing. An essential feature of this program is the extension of priorities which enable producers of lower-priced garments to obtain the materials they need. Removal of these priorities would cripple the program, and a further inflationary rise in the cost of living would threaten.

You gentlemen are fully aware of the dangers of inflation which might threaten our economy. There is only one ultimate cure, and that is increasing production. Until our industry has had the time to bring the supply of consumer goods into line with demand this threat will continue.

The general control which the War Production Board is able to exercise to prevent accumulation of over-large inventories is one of our major defenses against runaway inflation. Without such controls the tragic errors which followed the last war and plunged the reconversion period into chaos might very easily be repeated. Then, as most of you will recall, a wave of speculative buying and inventory hoarding started just when the demand and supply of most basic materials seemed to reach approximate balance.

This unwise buying upset the balance and created artificial scarcities which forced prices up. When prices got ahead of consumers' purchasing power sales started to fall off. Then a race to get rid of excessive inventories started. Prices were driven to abnormally low levels as businessmen sought to stave off complete ruin by selling at a loss. The ensuing depression made one-sixth of our working force idle, and left economic scars which were reopened in 1929.

Under the Second War Powers Act the War Production Board requires that manufacturers restrict their inventories to what they actually need to meet current demands. This is a sound rule of business. It permits the widest possible distribution of the goods that are scarcest. As quickly as production catches up with demand, WPB will relax these controls, or suspend them. But it is essential that authority to reinstate them be retained to curb speculative hoarding which might develop artificial shortages.

The OPA has ceased to ration many of the foods and goods whose distribution was rigidly controlled while supplies were tight. Only 5

of the original 13 ration programs are now being enforced and just as soon as supplies in the remaining categories approach adequacy, those controls will be lifted.

But, it is not possible to say that, on December 31, all the things that now are scarce will suddenly become abundant. Some of the rationing controls will have to remain until well into next year. Sugar and fats and oils are examples of foods which will not be in adequate supply for several months, and there are others.

Finally, it is essential that we retain the controls now extended under the Second War Powers Act which make it possible for this Government to live up to its commitments with other nations. In many cases this is essential if the United States is to obtain from foreign nations the various materials which it needs. Large quantities of textiles and other consumer goods must be shipped to the Philippines and the Far East to provide incentives for native labor to produce the tin, rubber, cordage fibers, and other essentials which are urgently needed in large quantities in this country.

Controls administered by the WPB make it possible to set aside stocks of consumer goods, food, coal, mining machinery, and other things required to restore production in the devastated areas.

The reconstruction needs of foreign countries, particularly the liberated areas, are large. The dangers of widespread starvation, disease, and continuing unrest abroad impose an obligation upon this Nation to share its resources with people in foreign lands, even before our production has caught up with the demands of our own people.

This sharing of our resources will pay dividends later, because the more quickly the devastated countries can reestablish their economies on a sound basis, the more rapidly can the whole world look forward to general economic recovery.

In a very real sense the war emergency continues and can be met only by continued exercise of some of the emergency powers required to mobilize the country for war.

I wish to emphasize again that the Government is removing its emergency controls just as fast as possible. The pace of revocation has been so fast that in some instances serious questions have been raised as to the advisability of proceeding at such a clip. It has been our policy, however, when the arguments pro and con for revocation of certain controls have been close, to resolve these questions in favor of revocation. We are able to do this without taking unnecessary chances because while the authority to do so remains on the statute books, we can reinstate them if our original decision is shown to be unwise.

I look forward to a time in the very near future when reconversion of our economy will be sufficiently advanced, so that it will be possible to revoke all of the emergency powers which have been granted to the Government to prosecute the war. Many of them are quite foreign to our system of government, and are warranted only by the extreme emergencies we have had to face.

It is necessary, however, to exercise caution in eliminating the statutes which were enacted to meet unprecedented problems arising from the war emergency. While some of these problems have entirely disappeared or been mitigated by the surrender of Japan, many of them remain equally pressing at this time. The very fact that we

must maintain, supply, and equip a very large army in distant portions of the globe for some time requires the continued exercise of certain powers which were unnecessary before Pearl Harbor and which will be wholly unnecessary again when we have returned to the ways of peace.

Mr. HOBBS. We certainly appreciate the general statement that you have made, Mr. Snyder. I would like to inquire as to your convenience with regard to continuing your examination, if you can give us some future time.

Mr. SNYDER. I beg your pardon, Mr. Chairman. I do not believe I quite follow your point there. Would you mind elaborating upon it?

Mr. HOBBS. Not at all. We would like to inquire as to your convenience in continuing your examination, because we want to go on, and conceive it our duty to get the details with regard to the bills, more than 200 of them—that is what the Library of Congress certifies to there—and it simply shows what a labyrinth of legislation has grown up around the so-called war powers. We believe it to be our duty, also, as well as our privilege, to try to legislate efficiently, and wish your help and the help of these other gentlemen. We appreciate the general guiding principles which you have enunciated. But we want to go ahead with your testimony, in answer to specific questions of the committee such as the members may have.

Mr. SNYDER. I want to be just as cooperative as possible, Mr. Chairman, because I feel that this is a very vital matter, and that you are intensely interested in it, and that you want to see that this country is provided with what it actually needs, and not more than that, in the way of war powers. I can assure you I have a very strong feeling for the elimination of controls which have been imposed just as rapidly as they can be released. In the light of your statement I would be very much better prepared to proceed after we have the reports, and an opportunity to analyze them. The surveys are to be made immediately of all of these various items, and then we will have in detail very valuable testimony for you in the light of each bill that is still on the statute books.

Mr. HOBBS. For instance, Mr. Snyder, I am tremendously interested, and a great many members of the committee are, in two items that are vitally necessary, as you outlined in your statement, to wit, tin and graphite. I doubt seriously if you are prepared to testify as to the minutae of either of those metals, but I imagine that you have under your control men that will be glad to testify along that line, and similarly there are a half dozen lines that we are very anxious to have reviewed in the greatest detail. Your fats and oils are one of those, for instance. We have to go into that, or else our economy will be greatly crippled. Take also salt pork and lard, there are a great number of our fellow citizens in some sections of the United States, as you know, that are so weak that they cannot work because of a shortage of those things. Take rubber, of course, we are interested in that both from a standpoint of synthetic rubber and crude, natural rubber. So, we have such a tremendous job. Mr. Snyder, here, in going through more than 200 bills that we must economize time not only of the witnesses but of the committee. We cannot possibly afford to waste your time, nor the time of any other witnesses, because all of you who are going to testify here are experts. So, we must arrive

at an intelligent and economical way to invest the time both of the witnesses and the committee, and we will welcome any thoughts along that line.

Mr. SNYDER. The suggestion I would make, Mr. Chairman, would be for the committee to furnish me with a list of the more critical matters that they would like to have discussed in detail. Then I would have testimony prepared to be presented to you for your information, at your convenience. That might be the approach, or we can get the reports back on all these items, and as we do, we would be glad to submit that testimony.

Mr. HOBBS. That sounds rather immense to me, as to the consumption of time. We have here today from 25 to 35 gentlemen who are ready to testify now on some of the details.

Mr. SNYDER. I mean by that we will prepare this detailed testimony and we will present it in writing as a report, and not necessarily take up your time holding open hearings, but will furnish it to you for the study of the committee.

Mr. HOBBS. Before you came in we had sounded out the sentiment of all the gentlemen who had honored us by being here this morning, we have heard from General O'Brien, General Richards, General McIntyre, and Colonel Gallagher. They are prepared to submit statements in connection with title II, title V, and the title XI. I imagine those have to do with the Second War Powers Act. Colonel Gallagher will give us the more general view for the necessity of the continuation of them.

From the Navy we have, from the General Counsel's Office, Hon. J. Henry Neal. We also have Capt. Myron H. Avery, of the United States Naval Reserve, Chief Admiralty Affairs, Office of the Judge Advocate General, Navy Department. These gentlemen are going to speak without particular reference to what titles of these acts they are going to testify with regard to, but will speak to them, as I understand it, when they present their views. Then we have from the Board of Governors of the Federal Reserve System, Vice Chairman Ransom. Then we have Hon. John D. Small, of the War Production Board, who wants to speak to us for a few minutes. There are quite a number of others here who are here to testify, and we would like to go ahead with those, and also any specific matters that we need to explore as to which you could lend us experts, if you care to.

Mr. SNYDER. I will be glad to do so, Mr. Chairman.

The CHAIRMAN. It is not to get just what your ideas are, nor others, but we would like to have men who are real experts, as you all are, on some of these matters, no doubt, probably all, but not able to give us all the time we need. We would like to have the opportunity to get the opinions of the experts who come into actual contact with these problems, and learn from them what their ideas are about these things. As you probably know, these are problems that we are confronted with, and that we have correspondence with regard to from our constituents and from the Nation as a whole. So it is not as easy as it looks.

Mr. SNYDER. I agree with you on that, Mr. Chairman.

The CHAIRMAN. We want to be just as considerate as possible, but we do not want to impose too much upon your valuable time. Are you willing or not, and does your time permit, by reason of this arrangement, so that you could give us some time this afternoon?

Mr. SNYDER. I beg your pardon, Mr. Chairman?

The CHAIRMAN. Is your time so arranged, Mr. Snyder, that you could give us some time this afternoon?

Mr. SNYDER. Unfortunately, I cannot, Mr. Chairman, this afternoon. I am tied up on some matters that make it imperative that I be there. It would be rather late. However, my deputy, Mr. Hans A. Klagsbrunn, may be here if that would be agreeable.

Mr. HOBBS. Is he your alter ego, or spokesman in this matter?

Mr. SNYDER. I rely on anything he says, yes, Mr. Chairman.

Mr. HOBBS. You think he can reflect authoritatively your position with respect to these matters?

Mr. SNYDER. Yes. He has been associated with me long enough that I feel confident about that, Mr. Chairman.

The CHAIRMAN. Very well, then; you cannot be here this afternoon yourself?

Mr. SNYDER. No; I regret that I cannot; it would be very late.

The CHAIRMAN. That is all right. He could come and he can continue his testimony throughout the hearing?

Mr. SNYDER. That is correct. He will be able to assist, I am sure. Mr. Klagsbrunn is here, and he can be here at your convenience and pleasure.

Mr. HOBBS. Mr. Emerson is here, and as to this other gentleman, will you give us his name?

Mr. SNYDER. H-a-n-s A. K-l-a-g-s-b-r-u-n-n. He is Deputy Director of the Office of War Mobilization and Reconversion.

Mr. HOBBS. Gentlemen of the committee, what is your pleasure with respect to continuing the examination of Mr. Snyder at this time? If any of you have any questions that you would like to ask, I should be glad to have you do so. Mr. Fellows, of Maine, desires to ask you a few questions, Mr. Snyder.

Mr. FELLOWS. This is an excellent general over-all statement of the situation, I think. Do I understand that it contains two things, essentially? One is that you oppose the passage of these resolutions, all or any one of them; the second is that you are asking Congress, in effect, to extend the Second War Powers Act, which I understand expires by its own limitations in December?

Mr. SNYDER. That is right, Congressman Fellows.

Mr. FELLOWS. Is that, in substance, what your statement is, Mr. Snyder?

Mr. SNYDER. That is correct. I believe that states it very clearly.

Mr. FELLOWS. You are suggesting that we, instead of passing any one of these resolutions, that we examine separately each one of these two-hundred-odd statutes and allow it or them to remain in force, or to repeal them separately, rather than by such a resolution?

Mr. SNYDER. Or, rather to permit us to make this survey that we are starting here, and specifically recommend to you those that should be cut off and these that should go on for a while.

Mr. HOBBS. Mr. Springer, of Indiana, has some questions, Mr. Snyder.

Mr. SPRINGER. I was wondering, Mr. Snyder, when and how long it will require you to get the specific information which you have just mentioned which you could present to us.

Mr. SNYDER. We believe, as I stated heretofore, that we could do that in about 3 or 4 weeks.

Mr. SPRINGER. You do not think you could do it in any less time than that?

Mr. SNYDER. We will try to, but it will take a very meticulous examination into those to be sure that we are not asking for something that we could really get along without.

Mr. SPRINGER. I am just wondering as to whether there would be any good reason given as to why any one of these resolutions which are pending before the subcommittee, why it should not be passed, and any of these particular powers that would be needed in the future, why, by legislation, they could not be extended as promptly by such resolution terminating the war.

Mr. SNYDER. There are so many statutes that have as their termination date a clause hinged upon this theoretical termination of hostilities that we would be a little hesitant to take such a broad action as to declare the cessation of hostilities, being fearful of the effect it may have on some of these statutes.

Mr. SPRINGER. As a matter of fact, we could pass a resolution terminating hostilities and continue such war powers as are necessary on into the future.

Mr. SNYDER. You could do that provided we could examine all these statutes that are in existence, and renew the necessary ones at the same time. There are some that may have a direct bearing on reconversion, which would suffer immediately because they would cease immediately upon the declaration of the cessation of hostilities.

Mr. SPRINGER. Those are some of the things that we want to examine into. We hope you will provide the information.

Mr. SNYDER. We will furnish all the detail on that, so that you will have the facts of the matter at hand. Each one of the Government agencies that I have asked to make a check will know the types of problems that they have in connection with this matter, and they will bring them to us. I am sure that those gentlemen that you have here now, and have talked with even before, can add to that information, and will be able to add to the information that we will try to furnish you. We want to furnish all the information to you that you need.

Mr. SPRINGER. That is very well, of course, but we will want you to come back when you get that information so that we can discuss it together.

Mr. SNYDER. I will be prepared to do that to the best of my ability at that time.

Mr. HOBBS. Gentlemen, this is Hon. Hatton W. Sumners, of Texas, the chairman of the full committee. We are happy to have you sit with us, and we appreciate your presence. I understand that Judge Sumners wants to ask you a very pertinent question at this time, Mr. Snyder.

The CHAIRMAN. With the permission of the chairman of the subcommittee, I am going to ask a question which carries with it something in the nature of a suggestion. That is, in the investigation which you have just indicated you propose to make—this has a question with it, too—it seems advisable to concentrate on the more important bills and agencies which would expire by reason of the operation of the law. The committee is under considerable pressure to do something about this general situation. I know the members of the subcommittee well enough to know that nobody wants to be unfair

with the situation, and nobody wants to interfere with the necessary work that ought to be done. On the other hand, there is a great deal of anxiety and interest in eliminating the powers of agencies which are not necessary. After consultation with the chairman of the subcommittee, he suggested that I indicate to you that probably that would be a good thing to do; that is, to concentrate upon these agencies the powers of which will expire under subsection (3), and let the committee have them.

Mr. SNYDER. Mr. Chairman, we certainly will agree to that, and we will concentrate upon that point. We were thinking of giving you as detailed factual background of the whole program as you could want, but your suggestion is certainly an excellent one.

The CHAIRMAN. There is not too much time between this present time and the time of the expiration of some of these agencies, December 31, 1945.

Mr. SNYDER. We will be more than pleased if you feel that as to the declaration of the cessation of hostilities, action on that can be delayed a little. We were hopeful that you would be agreeable to do that not too quickly, and wait until we could inform you as to all of the conditions which would result from such an action. If that is agreeable we can concentrate on the Second War Powers Act which does expire in December, and furnish you information first on that, and follow up with further information a little later, if that is agreeable to the committee.

Mr. HOBBS. I think that the general chairman's suggestion goes a little further than that. In commenting to me directly he indicated that you might do it even when it is time so that we might be able to go ahead from day to day, and in that way economize upon our time.

Mr. SNYDER. That exactly fits in with our program. We want to come back here with this thing as a progressive affair, and as these various statutes are considered, we will make a continuing report to you of the ones we see no further need for, and that you can dispose of; those on which we will ask your further consideration for continuing, we will bring along also. We will do that progressively, Mr. Chairman, rather than waiting for a month to hear from everybody, we can start pushing these data forward promptly.

Mr. HOBBS. When we come to one section of title III you may be able to have your experts ready tomorrow to discuss fully that with us, and in that way we can get right along. Are there any other questions that any member of the committee desires to ask? Mr. Michener.

Mr. MICHENER. Mr. Chairman, I thank you. Although I am not a member of this subcommittee, I hope to attend as many of the committee meetings as possible. However, for the benefit of us members of the full committee who, in the final analysis, must pass upon this, I am wondering if, inasmuch as the Attorney General, or some other agency, has prepared a list of the laws to be affected by the proposed resolution, if it is not possible for you to go through and from that list point out in writing for the record in a short statement the necessity for the retention of just those powers that you feel must be retained for the time being. That would make a concise statement that every Member of the Congress would be able to read. It would not be difficult to prepare. It would not be a lengthy analysis of war powers

which are to be retained, but just merely a suggestion in a very brief form. This is merely a suggestion, and I would appreciate your thought in regard to it.

Mr. SNYDER. Yes; that could be done. We could be very brief in its presentation, but it takes some little time to work it all out. To give you the full list that was prepared by the Attorney General, at one time, would be somewhat of a task. Following the chairman's suggestion I was thinking in terms of starting down the list and turning them over rapidly, one at a time, and presenting them to you, a few at a time. You could then be given something to study from time to time in accordance with that suggestion, and it would not all come to you at one time. If you have something else in mind other than that, I would be glad to consider that.

Mr. MICHENER. I contemplated this big list that you are preparing for the record and which you could set up the divisions as, for instance, first, those that should not be retained; second, necessary reconversion period for the following reasons calling for the retention of certain others; and thirdly, those that should be retained as a more or less permanent affair. That is just a thought.

Mr. SNYDER. We could do that very well but it would take some time to work out the detailed testimony to prove to you why that we thought it is necessary to retain those that we would ask to be further carried on the rolls, and you might want to know, as a matter of fact, why some of them should be stricken off that we suggested be stricken. I can see that possibility also.

Mr. HOBBS. Before you came, Mr. Snyder, Mr. Judson, of the Department of Justice, representing the Attorney General, has undertaken to reconcile that list which is not, apparently, complete, with the list that has been furnished us from the Library of Congress, which contains over 200 such acts. We are tremendously concerned with this viewpoint, the general viewpoint, and that is, that when we set in these laws that were passed by Congress that these war powers should continue until the hostilities were finally declared, either by the President or by joint resolution of Congress, to have come to an end, the war powers should end—when we did that we meant just that. We want to know, and we must know as soon as possible when that can be. We want to know the facts, and we conceive that the burden of proof is on those who will seek to exercise those powers, to justify them—we want to know why the usual meaning of the term "hostilities" is not to be indulged here. So, if there is any one of these acts that we can cut off, as the administration has already done in so many instances, if there are some that are just being overlooked in the enumeration of those that we are ready to have ended, then the quicker we can say so the better, and the more honest will be our appearance of effort in that regard.

Mr. SNYDER. That is certainly correct. I will certainly agree with you on that, Mr. Chairman.

Mr. HOBBS. So do not let us wait a minute. If we are sure of our ground on any one of these let us shoot and continue to shoot until we are sure of our ground, and when we know that a thing cannot be ended, we will continue it, but the moment that a thing can be ended, let us end it.

Mr. SNYDER. I am in thorough accord with that thought, Mr. Chairman.

The CHAIRMAN. Mr. Snyder, I understand that your time is very limited, and we thank you for your appearance here today, and for the testimony you have given, and for your evident spirit of fine cooperation. As far as you are concerned, we realize that you have an engagement in 20 minutes, and we will be glad to excuse you if you care to be excused, otherwise we will be glad to have you stay.

Mr. SNYDER. In leaving, Mr. Chairman, I want to assure you that it is the position of the President, and certainly of my Office, that the Congress and the people know exactly why we feel certain of these things should be continued. There is one sole purpose behind it, and that is to try to smooth out this transition period from the war into the peace to follow. I think that we have demonstrated that we are most anxious to terminate all these war corporations, and all of the war powers, and all of the war framework that was set up, as rapidly as possible. Thank you, sir.

The CHAIRMAN. Is Mr. John D. Small of the War Production Board ready to testify with regard to the phases of the matter that that department of the Government will be interested in?

Mr. JOHN D. SMALL. Mr. Chairman, I am ready to testify.

The CHAIRMAN. Are the representatives of the War Department ready?

General McINTYRE. We are ready.

Mr. HOBBS. Then are you ready to proceed with the testimony that you came to give, General?

General McINTYRE. That is correct.

The CHAIRMAN. What is the situation of the Navy? Are you ready to proceed?

Captain AVERY. We are ready to proceed, Mr. Chairman.

The CHAIRMAN. What is the position of the Board of Governors of the Federal Reserve System? The Vice Chairman has just walked out, but I understand there is someone here.

Mr. RANSOM. We will be ready to proceed at once, Mr. Chairman. I had just stepped out a minute.

Mr. HOBBS. I think there is a very important statement that Mr. Judson wishes to make for the benefit of the press, and we will appreciate your cooperation in making that perfectly clear, with reference to veterans' rights.

Mr. JUDSON. On page 3 of the statement of Mr. Snyder part of the paragraph:

I am informed that a very serious doubt exists as to whether the preferred reemployment status of veterans would continue in force after the formal date set for cessation of hostilities.

That might be interpreted by people reading that in the newspapers to mean that the proclamation or resolution, as the case might be, of the cessation of hostilities would definitely wipe out such reemployment status without a chance of anything being done in the future about it, and therefore it might be very well to add onto that sentence, "unless legislation were enacted to continue those rights." I am sure the committee knows the subject matter under discussion there, section 8, of the Selective Service Act, which simply by a mistake, I assume, was not included in section 16, which is the terminating section of the Selective Service Act.

That says that section 3 (a) and other sections shall not terminate with the rest of the act, but apparently by mistake they did not include in that excepting clause, section 8, which contains this reference to reemployment rights of veterans. We do not take the position in the Department of Justice that even if this were not excepted that reemployment rights of veterans would definitely fail. I say this, I want to make it clear, so that it will prevent any possibility of argument on the subject. It is obvious that that should be considered by Congress, and those rights should be continued in a proper fashion.

The CHAIRMAN. Thank you very much. I appreciate your clarification, and I am sure the gentlemen of the press will be glad to aid us in getting the correct informational picture which might otherwise be erroneously interpreted from this brief statement. I am going to ask these gentlemen who have signified their willingness to testify this afternoon to remain, and I will further ask them if they will go into a conference as we go into recess for a little while for luncheon. I would like to ask you gentlemen to go into a conference and decide upon the order in which your presentation should be made. Some of the witnesses may have testimony that they contemplate giving which will be very brief, and there is no need to have them get behind a group from some other department that will take considerably longer. I trust that you may be able to do so promptly and make up an agenda and give it to the clerk, and I assure you we will appreciate it very much. The committee will now recess and meet, with your approval, at 2 o'clock.

(Whereupon, at 12:30 p. m., the subcommittee recessed until 2 p. m. this day.)

AFTER RECESS

(The subcommittee reassembled at 2 p. m., pursuant to recess.)

Mr. HOBBS. The committee will come to order. We have the pleasure of having with us this afternoon Mr. Ronald Ransom, Vice Chairman, Board of Governors, Federal Reserve System, Washington, D. C. Mr. Ransom will be our first witness.

Mr. RANSOM. Before I proceed, I understand Mr. Klagsbrunn desires to make a very short statement.

Mr. KLAGSBRUNN (Deputy Director, Office of War Mobilization and Reconversion). Mr. Chairman, I am Hans A. Klagsbrunn, Deputy Director, Office of War Mobilization and Reconversion. In line with the statement which Governor Ransom will make shortly, I would like to say this: In line with your suggestion this morning that we move directly on the important statutes and those likely to expire shortly under the Second War Powers Act, which Mr. Snyder referred to this morning, in that brief summary of the acts by titles, for ready reference of the committee, I should like to just read these; I think it will be an advantage to the committee in following what is going to be presented by the various witnesses.

Mr. SPRINGER. Will you give me your title again, please?

Mr. KLAGSBRUNN. Hans A. Klagsbrunn, Deputy Director, Office of War Mobilization and Reconversion. As to the witnesses this afternoon, probably some of them will address themselves to various titles under this Second War Powers Act, and probably to various portions of certain titles.

Mr. HOBBS. You are not bringing any details now, you are just bringing the broad picture which you think will be a proper prelude to the presentation by these witnesses?

Mr. KLAGSBRUNN. Yes, Mr. Chairman. It will be a sufficient outline, and the various witnesses will address themselves in greater detail. There are agencies that will actually refer to the statutes, and I think that this will cover that rather fully.

I can give this in just a few moments. It is a summary of titles of the Second War Powers Act:

Title I. Emergency Powers of the Interstate Commerce Commission of Motor and Water Carriers: This title relates especially to enforced pooling of equipment, services, and facilities. The Office of Defense Transportation states the continuance of this title is unnecessary insofar as land transport is concerned, but the War Shipping Administration has some special problems which they will explain and which may require extension of section 103 of this title.

Title II. Acquisition and Disposal of Property: This title enables the military to enter into immediate possession of real property with condemnation proceedings following later, and to some extent facilitates its disposition and use. The Army, especially the Corps of Engineers, and the Navy request continuation of this title.

Title III. Priorities Powers: This title establishes the priorities rationing, and allocation powers, exercised by numerous Government agencies, including the War Production Board, the armed services, Office of Price Administration, Office of Defense Transportation, Agriculture, State, and so forth. Continuation is essential.

Title IV. Purchase by Federal Reserve Banks of Government Obligations: This title in effect gives the Treasury the right to borrow up to \$5,000,000,000 on short notice from the Federal Reserve System. The Treasury considers it necessary to retain this power for the time being to tide it over possible emergencies.

Title V. Waiver of Navigation and Inspection Laws: This title permits the operation of ships under less restrictive rules as to equipment and manning than would otherwise be the case. During demobilization continuation of this power is sought, especially by the Navy, to insure maximum use of available shipping.

Title VI. Power to Requisition: This power has been extended until June 30, 1946, when continued need for it will probably have passed. No extension is therefore necessary at this time.

Title VII. Political Activity: This title exempts employees serving part time and without compensation, or with only nominal compensation, from restrictions prohibiting participation in political activity. Due to continued existence of such organizations as price and rationing boards and selective-service boards, this title should be continued for a year.

Title VIII. Protection of War Industries and Protection of Resources Subject to Hazards of Forest Fires: This title has already expired. No extension is necessary.

Title IX. Free Postage for Soldiers, Sailors, and Marines: The provisions of this title have been incorporated in the act to stimulate voluntary enlistments and this title is thus no longer necessary. No extension is necessary.

Title X. Naturalization of Persons Serving in the Armed Forces of the United States During the Present War: This title is permanent in nature and no extension is required.

Title XI. Acceptance of Conditional Gifts to Further the War Program: Under this title contributions of the French Government in francs to American soldiers in France, necessitated by unfavorable exchange, are handled by the United States Government. For this reason only extension of this title is desired by the Army.

Title XII. Coinage of 5-cent Pieces: This title is permanent in nature and no action is necessary.

Title XIII. Inspection and Audit of War Contractors: This title is permanent in nature and no extension is necessary.

Title XIV. Utilization of War Information: This title permits Census to make information available to Government agencies which would otherwise be confidential. Availability of this information is necessary in planning an orderly reconversion as it was in mobilizing the country for war, and this title should, therefore, be extended.

I believe that this very brief résumé that I have given will be of benefit in pulling this thing together.

Mr. SPRINGER. I think that is going to be very helpful.

Mr. HOBBS. Yes. We are very glad to have you give us that information.

(The following letter was addressed to Chairman Sumners by Hon. John W. Snyder, Director of War Mobilization and Reconversion:)

OFFICE OF WAR MOBILIZATION AND RECONVERSION,

Washington, D. C., October 22, 1945.

HON. HATTON W. SUMNERS,

Chairman, Judiciary Committee, House of Representatives.

DEAR MR. SUMNERS: Confirming our recent conversation, I wish to urge upon you the necessity for bringing the extension of the Second War Powers Act before the Congress at the earliest possible date. In making this request, I should like to point out briefly why extension appears to me absolutely essential at this time if an orderly program of reconversion is to be achieved.

The dislocations in our national economy caused by the war remain acute despite the capitulation of Japan, and indeed are in one way aggravated by the necessity for reconversion from a wartime to a peacetime economy. In a very real sense, therefore, the war emergency continues and can be met only by continued exercises of some of the emergency powers required to mobilize this country for war. These powers will, of course, be required only during the reconversion from war to peace when the problems to be faced are in many ways similar to those of the conversion period and are conditioned by the same basic problem—over-all shortages of basic materials and products.

Many of the most important emergency powers of the United States Government are embodied in the Second War Powers Act, most of the titles of which will expire on December 31, 1945, unless the Congress further extends them. Of these, the most important are the provisions of title III which authorize the allocation of materials.

Most of the controls exercised by the War Production Board and by various other Government agencies under title III have already been eliminated, and there will be continued relaxation of the remaining controls as rapidly as shortages are alleviated. Some of these controls, however, must be retained for a considerable time beyond the first of next year unless industry is to be faced with crippling shortage and the Nation as a whole with inflation.

Some of the most important types of controls which it will be necessary to exercise may be summarized as follows:

Allocations and conservation.—Until international sources of supply become available and until American production reverts to a peacetime pattern, certain materials will continue in very short supply. Typical examples are tin, natural rubber, and manila fiber. Were tin distributed freely to all who wanted it and

were no restriction placed upon its use we should exhaust our supply in a few months and as a result many industries would be literally crippled. By allocating the supply carefully, equitable distribution can be assured; and by forbidding nonessential use and requiring the most economical use of tin in essential applications, the supply can be stretched out to such an extent that we may reasonably hope to tide the Nation over until far-eastern supplies are available.

Rationing.—A large number of the items that were rationed during the war have already been freed from rationing by the Office of Price Administration, but certain other items—for example, sugar—will continue in short supply for some time. Continued rationing of such of these items as can be regarded as necessities, will be necessary until the supply is again sufficient to insure reasonably equitable distribution.

Bottleneck breaking.—It is essential if reconversion is to be rapid that some means be available for breaking bottlenecks in the production of certain basic materials. An instance is soil pipe, shortages of which seriously threaten the whole construction program. By granting manufacturers of these bottleneck items priorities for comparatively small quantities of machinery and equipment, the War Production Board can tremendously expedite increased production of these industries. This power is of great importance during the early months of reconversion.

Inventory controls.—The demand and supply for certain basic materials are in approximate balance and the War Production Board has eliminated controls over the use and disposition of these materials. However, there is serious danger that speculative buying and hoarding in inventories will reduce the available supply of these materials to a point where industry will experience shortages and prices will be forced up. The War Production Board has met this danger by limiting the quantities of various basic materials which may be held in inventory to the amount which is reasonably necessary for carrying on business. This type of control should be continued until the country has emerged from its war-time position of scarcity.

Foreign commitments.—This country has entered into agreements with certain other nations under which the United States has committed itself to make available various types of materials, including food and textiles. In some cases these commitments are necessary to insure receipt by the United States of various materials which it itself lacks; in others the agreements are necessary to prevent actual starvation of other nations until their normal sources of supply are re-established. In any event, the Government requires some means of assuring that these commitments are actually met.

Low-end programs.—In certain fields, notably garments, shortages of such basic materials as textiles have threatened to result in production only of the highest-priced types of goods, since the profit in these fields is the largest. Any such tendency if unchecked would result in a most serious rise in the cost of living, since the normal inexpensive article would no longer be available on the market. The War Production Board has exercised its powers in conjunction with the Office of Price Administration to assure that an adequate supply of these low-end items continues to be manufactured. Until the shortages of these basic commodities are somewhat alleviated, the threat of inflation can be avoided only by continuance of these programs.

I have set forth the problems under title III at some length because this title most vitally affects the task of reconversion. Certain other titles of this act are likewise of great though temporary importance and should be extended during the continuation of the emergency which they were designed to meet. A brief summary of these titles is attached to this letter.

A draft of the amendment necessary to accomplish the extension of the Second War Powers Act is also attached for consideration.

Sincerely,

JOHN W. SNYDER, *Director.*

SUMMARY OF TITLES, SECOND WAR POWERS ACT

Title I. Emergency Powers of the Interstate Commerce Commission of Motor and Water Carriers: This title relates especially to enforced pooling of equipment, services, and facilities. The Office of Defense Transportation states the continuance of this title is unnecessary.

Title II. Acquisition and Disposal of Property: This title enables the military to enter into immediate possession of real property with condemnation proceedings following later, and to some extent facilitates its disposition and use. The Army especially the Corps of Engineers, and the Navy request continuation of this title.

Title III. Priorities Powers: This title establishes the priorities, rationing, and allocation powers, exercised by numerous Government agencies, including the War Production Board, the armed services, Office of Price Administration, Office of Defense Transportation, Agriculture, State, etc. Continuation is essential.

Title IV. Purchase by Federal Reserve Banks of Government Obligations: This title in effect gives the Treasury the right to borrow up to \$5,000,000,000 on short notice from the Federal Reserve System. The Treasury considers it necessary to retain this power for the time being to tide it over possible emergencies.

Title V. Waiver of Navigation and Inspection Laws: This title permits the operation of ships under less restrictive rules as to equipment and manning than would otherwise be the case. During demobilization continuation of this power is sought, especially by the Navy, to insure maximum use of available shipping.

Title VI. Power to Requisition: This power has been extended until June 30, 1946, when continued need for it will probably have passed. No extension is, therefore, necessary at this time.

Title VII. Political Activity: This title exempts employees serving part time and without compensation, or with only nominal compensation, from restrictions prohibiting participation in political activity. Due to continued existence of such organizations as price and rationing boards and selective service boards, this title should be continued for a year.

Title VIII. Protection of War Industries and Protection of Resources Subject to Hazards of Forest Fires: This title has already expired. No extension is necessary.

Title IX. Free Postage for Soldiers, Sailors, and Marines: The provisions of this title have been incorporated in the act to stimulate voluntary enlistments, and this title is thus no longer necessary. No extension is necessary.

Title X. Naturalization of Persons Serving in the Armed Forces of the United States During the Present War: This title is permanent in nature, and no extension is required.

Title XI. Acceptance of Conditional Gifts to Further the War Program: Under this title contributions of the French Government in francs to American soldiers in France, necessitated by unfavorable exchange, are handled by the United States Government. For this reason only extension of this title is desired by the Army.

Title XII. Coinage of 5-Cent Pieces: This title is permanent in nature, and no action is necessary.

Title XIII. Inspection and Audit of War Contractors: This title is permanent in nature, and no extension is necessary.

Title XIV. Utilization of War Information: This title permits Census to make information available to Government agencies which would otherwise be confidential. Availability of this information is necessary in planning an orderly reconversion as it was in mobilizing the country for war, and this title should, therefore, be extended.

PROPOSED AMENDMENT EXTENDING CERTAIN TITLES OF THE SECOND WAR POWERS ACT

(This amendment extends the time limit of the important titles of the act to December 31, 1946.)

Section 1501 of title XV of the Second War Powers Act of 1942, as amended, is further amended to read as follows:

"Sec. 1501. Titles II to V, inclusive, and titles VII and XIV of this Act, and the amendments to existing law made by any such title, shall remain in force only until December 31, 1946, or until such earlier time as the Congress by concurrent resolution, or the President, may designate, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted; but no court proceedings brought under any such title shall abate by reason of the termination hereunder of such titles."

STATEMENT OF RONALD RANSOM, VICE CHAIRMAN, BOARD OF GOVERNORS, FEDERAL RESERVE SYSTEM, WASHINGTON, D. C.

Mr. RANSOM. Mr. Chairman, I am Ronald Ransom, Vice Chairman, Board of Governors, Federal Reserve System, Washington, D. C.

On title IV of this bill now before you you will observe that it authorizes the Treasury to deal directly with the Federal Reserve System, giving the Treasury the right to borrow in this manner up to \$5,000,000,000. This was for the purpose of easing the Treasury in emergency conditions, and making it easier to handle the Government debt, which otherwise might present considerable difficulty. The provision helped to avoid the congestion that so often sets in particularly in tax periods, and to supply temporary reserves to member banks in such periods. The Board would like to have this power extended on a temporary basis for a year. That position will be supported, I am told, by the Treasury, and I am told, by Mr. Snyder, when he gets around to that detail of the bill. I think that it might be helpful to the members of the committee to have some word for the record of the total issues and holdings of the Federal Reserve banks, and especially of the short-term Treasury certificates purchased directly from the Treasury since March 1942, the date of the enactment of this act. There was one period in 1942, I believe, when the amount of that reached, for a very temporary period, \$420,000,000. The highest that was ever reached, which was for a temporary period, was on March 15, 1943, \$1,302,000,000. I think an examination of this table will convince the members of the committee that the privilege which Congress granted us has not been in any way abused, and it is quite helpful in managing these situations, particularly since the public debt has reached its present size.

Mr. HOBBS. Mr. Springer desires to ask you a question, Mr. Ransom.

Mr. SPRINGER. Can you give us the approximate amount at this particular time?

Mr. RANSOM. Yes. None at all. The way it works is that the Federal Reserve banks buy temporary certificates which carry the Treasury over the emergency. These certificates are commonly known as overdrafts and are very promptly paid. This is the mechanism by which the Treasury and the Federal Reserve banks work together in tiding the Treasury over the emergency period. We have to have this flexibility, and I believe that it is of great advantage to the public. I was impressed this morning with what seemed to be apprehension concerning its continued governmental control of business. The authority requested in the provision under discussion has no such implications. This provision will be important in the postwar period in handling the very large public debt which we presently have. I would be very glad indeed to answer any questions.

Mr. SPRINGER. I should like to ask a question there, Mr. Chairman.

Mr. HOBBS. Mr. Springer has a question for you, Mr. Ransom.

Mr. SPRINGER. What occasion would necessitate the use of this power to go ahead and make purchases up to the limit you mentioned?

Mr. RANSOM. The reason for using it would be to save the Treasury from having to carry excessively large balances. Those excessively large balances, of course, involve a larger public debt and the payment of interest and, therefore, it is of some concern to the taxpayer. By using this overdraft method, and using that only when necessary, we do, as I said a moment ago, ease the Treasury over some rather difficult periods. If the Treasury has to go to the market, you cannot always tell whether the time is opportune. The Federal Reserve does not buy Treasury obligations for revenue, but it has had to buy a lot of Treasury

obligations over the war years in order to make financing of the war possible.

Mr. SPRINGER. Was the war period when the greatest necessity existed for these powers?

Mr. RANSOM. I do not think we are quite over the war period, as far as financing of the Government debt is concerned. The shooting has stopped, the war is over, but the postwar period is going to be difficult, particularly in fiscal and money matters. There is no way to tell just what the problems are going to be, because we do not know, but I think that power should be retained. It is to the definite benefit of the taxpayer. If we do not have that power it is going to be to the detriment of the taxpayer.

Mr. SPRINGER. It is merely speculation as to whether or not you will want to use that power in the future?

Mr. RANSOM. I would say we will want to use it only when the occasion would arise, but I think the Treasury would be in a much easier situation, if it had this power, and used it when the need arose.

Mr. SPRINGER. You do not know of any instance where it might be required to be used in the future?

Mr. RANSOM. I cannot tell you offhand; no. But I am not a prophet, and I would be afraid to say that emergencies like that would not arise, Congressman.

Mr. HOBBS. Mr. Fellows, one of our members, would like to ask you some questions, Mr. Ransom.

Mr. FELLOWS. Yes; I would like to ask the Vice Chairman a few questions.

Mr. RANSOM. I should be glad to answer them.

Mr. FELLOWS. You said it should be continued for a year; what makes you think that would be sufficient?

Mr. RANSOM. I doubt seriously whether it would be, but I think in a year we can come back to Congress and ask for a permanent bill. But the authority expires by the end of December, and I think it takes time to get these things through Congress. The power to buy directly from the Treasury was in the law for many years. It was only by the Banking Act of 1935 that the Federal Reserve banks were required to buy only in the open market. We can still go in the open market and buy \$5,000,000,000, but that involves the payment of fees and commissions on the transaction, which is to the detriment of the taxpayer, and I do not think they should be required to do it.

Mr. FELLOWS. I cannot discuss with you the question of finances very thoroughly, and I am not going to step into the ring where I may be out of my depth.

Mr. RANSOM. On the contrary, you could do so with impunity. I think financing, fundamentally, is simply common sense. I know when you get away from common sense it is then that the financing gets into difficulties.

Mr. FELLOWS. I trust that is so. I should think it would be. This year that you suggest is simply to give you time to prepare something permanent?

Mr. RANSOM. That is correct. In order to give us time to prepare something permanent.

Mr. FELLOWS. Something in the way of a bill that Congress could act upon, I take it?

Mr. RANSOM. Mr. Goldenweiser, economic adviser to the Federal Reserve System, says that he might recall some cases in answer to your question, as to what emergencies might arise, if you should care to hear him.

Mr. HOBBS. We should be glad to hear you answer that question for Mr. Ransom, Mr. Goldenweiser.

Mr. E. A. GOLDENWEISER. I am E. A. Goldenweiser, economic adviser to the Federal Reserve System. Since we have a public debt of \$260,000,000,000, there will be many occasions when much of it has to be refunded. The Treasury has to make estimates of the amount of revenue that it will get on a certain day. And in the very uncertain conditions that are going to prevail it could easily miss its guess by a few hundreds of millions, or even by a few billion dollars. And in that case the Treasury would find itself in a hard-pressed position for a short time in meeting this delay, even during the period while the checks go through the process of collection.

In a period of this sort it is a great convenience for the Treasury to overdraw its account on the Federal Reserve, which is what these certificates amount to in the final analysis. It is the authority to the Treasury to overdraw its account for a short time in conditions where their miscalculations or other unforeseen elements in revenues are such that they find themselves short of funds for a few days. That is the way this sort of authority has been used; that is the way it was used before 1935, when the authority was discontinued, and the way it was used again after the authority was granted in 1942. There is every reason to believe that that sort of occasion is likely to arise again, and it is more likely to arise than in 1925 up to 1930, when the public debt was not so large. Now the possibility is much greater.

Mr. SPRINGER. Mention was made by Mr. Ransom of the proposition of paying commissions and I suppose brokerage, and I would like to know where these commissions come in.

Mr. RANSOM. If you buy Government bonds on the open market you pay somebody for negotiating the transaction. The commission is relatively low, relatively small, but there is no reason why the Government should pay the commission when it can be done through Government agencies, as it has been done during this war period.

Mr. GOLDENWEISER. When you buy direct from the Treasury you do not pay a commission, but when the Treasury has to sell it to the dealer and then the Federal Reserve has to buy it from the dealer, the Federal Reserve System has to pay the dealer, and it costs money, when there is no need for it to cost money. This may be avoided by this method, to the benefit of the taxpayer.

Mr. SPRINGER. Are those commissions large or small? What commission is it that they charge?

Mr. GOLDENWEISER. They are about one-sixteenth of 1 per cent, but the amounts involved are so large that one-sixteenth of 1 percent amounts to a great deal of money.

Mr. RANSOM. It makes a very comfortable living for the broker.

Mr. FELLOWS. Mr. Chairman, I should like to inquire.

Mr. HOBBS. Mr. Goldenweiser, Mr. Fellows, of Maine, has a question he desires to ask you.

Mr. FELLOWS. Mr. Goldenweiser, do I understand that the Treasury has made mistakes in its guesses by several billions of dollars? I do not mean millions, but billions.

Mr. GOLDENWEISER. I think they have miscalculated—perhaps I should have said that they have miscalculated—by a billion or more, and when I said several billions I did not mean to say that errors of billions have happened in the past but rather that in this terrible uncertain period with the very large public debt, and with the changes in tax legislation, and the 12,000,000 people going off and on the income tax rolls, and the rate of reconversion being largely a matter of guesswork, I think it would be superhuman if the Treasury did not make larger errors in its estimates than it ever has before, running up into those figures, or perhaps more.

Mr. FELLOWS. I did not know that they ever guessed in the Federal Reserve System.

Mr. GOLDENWEISER. Oh, yes; they have to guess when they think of how they are going to work out these things; when Congress makes appropriations and the Treasury has to estimate what it will cost to get the money for them, and how it is going to do it. There are a tremendous lot of unforeseeable conditions which arise in the money market and in monetary matters, because they are sensitive to many things.

Mr. RANSOM. We have to make calculations, as does the Treasury, when you make appropriations, appropriations that you gentlemen make up here, and we have to make those calculations in connection with the income that we expect to receive through income taxes.

Mr. SPRINGER. You say at the moment there are none of these transactions outstanding?

Mr. RANSOM. At this time there are none outstanding; no.

Mr. SPRINGER. How long has it been since you have had one of these transactions?

Mr. RANSOM. Let me see. The last one was March 15 of this year.

Mr. SPRINGER. Can you tell me something about the nature of that one? How much did it involve?

Mr. RANSOM. The biggest period would be along there, the tax period, when it amounted to \$4,000,000,000.

Mr. SPRINGER. You say that amounted to \$4,000,000,000, is that correct?

Mr. GOLDENWEISER. \$4,000,000, it never was over \$1,300,000,000, as I recall it. If I may offer that correction in the figure.

Mr. RANSOM. I am glad to hear it. I knew that was a substantial sum.

Mr. SPRINGER. A difference of a good many dollars, I should say, offhand.

Mr. HOBBS. I would like to ask you, Mr. Vice Chairman, if there is any reason that you, or the Board of Governors, can have reason to fear why this power should be deleterious to the interests of the Federal Reserve System, or the Government.

Mr. RANSOM. There is none at all, none whatsoever, Mr. Chairman. There is none at all.

Mr. HOBBS. In other words, as I conceive the purport of your testimony to be this is, strictly speaking, a war power, except that at the time it was written it was fairly certain that you would during the war need it, and you now think that it would be highly desirable to have this cushion available during the reconversion period? Is that so?

Mr. RANSOM. That is correct, Mr. Chairman, that is our view of it.

The CHAIRMAN. I would like to ask this additional question: Is there any good reason why this cushion should not be at the present in legislation that we are contemplating between now and December 31—why it should not be extended without date?

MR. RANSOM. Yes. I would conceive of a situation such as Mr. Goldenweiser has mentioned, and possibly others, where it would be highly desirable for the Government to have those powers, and I cannot conceive it possible to obtain a bill within that time. I should think that Congress would be well advised to include the extension of this particular power in the renewal of your price and war powers bill, as Congress may elect to extend.

MR. HOBBS. It occurs to me, just as a rank amateur in this field, that there might not be any good reason why we should not put this power into a more or less permanent class.

MR. RANSOM. I think Congress should. I agree with you on that.

MR. HOBBS. Would there be any objection to doing it now while we are wrinting the bill?

MR. RANSOM. Not at all. Many questions would, however, be involved, so that you might find that it would be controversial for reasons which, frankly, would not be controversial to me at all—and I am an ex-banker—but all suggestions on money matters and monetary questions raise all sorts of arguments, as you gentlemen well know, and I would anticipate that the normal delay involved in obtaining the permanent bill might well run by the end of the year. I do not think that the Government should let this power lapse by operation of the provisions of the war powers bill at that time. I think myself that it should be in permanent legislation. I am sure that the members of the Board would be more than willing to propose that. But I do think that there are compelling reasons for including this power among those to be extended by Congress in the war powers bill. I imagine Congress, if it does extend the War Powers Act, will rather extend it for at least a year. I gathered from Mr. Snyder that if it were extended it would not be for over a year. That would be sufficient time in which to present a bill for your consideration.

MR. HOBBS. You may be entirely right, Mr. Vice Chairman. It occurred to me, and I think some of the others, that we would like to do as much remedial work as we can at this time.

MR. RANSOM. I would like to see it put in permanent legislation, Mr. Chairman.

MR. HOBBS. The record which your testimony discloses is very convincing as to both the number of times that you have been called upon to exercise this function in this way, and the extent to which you have been called upon in terms of money.

MR. RANSOM. I believe it is a very appealing point.

MR. HOBBS. It seems to me that it would be not a great deal more difficult to write it into permanent legislation than it would be to extend it a year.

MR. RANSOM. Mr. Chairman, may I ask you this question: Are you going to divide the present bill into two parts, one which will have to do with the matter of temporary powers and the other which will have to do with the matter of permanent legislation? If you have that in mind, I think that we might be able to make some further suggestions along that line.

Mr. HOBBS. What we have tentatively agreed upon as our objective, as we are going to go over the two-hundred-odd acts that have been possibly loosely classed as war powers acts—you understand my point there?

Mr. RANSOM. Yes; I understand that.

Mr. HOBBS. We are going to try to eliminate as many of those as possible—just call it a day, so to speak, with regard to as many of those as possible. Then, as to those which are of the nature of those acts which relate primarily to the Navy, for instance, that will give you an idea as to those we will consider in that first classification.

Mr. RANSOM. I understand what you have in mind there.

Mr. HOBBS. And then we come to these acts which may also concern the Navy, and others, and which are essentially permanent legislation—this being the second group—but, by reason of the expression in those bills “when the United States is at war” that kind of a clause manifestly relieves the character of these acts of their permanent characteristics in large measure, and yet they remain permanent law, and subject to that restriction.

Mr. RANSOM. I see that particular classification; yes.

Mr. HOBBS. It seemed to us, just as we had casually discussed it with each other, and not critically, that we could make a third category there of that kind, and strike down all that were not necessary at all; then, we will put into this category those that were valuable and needed solely for the periods which, God forbid, may recur, short periods of time when there are actual hostilities. Then get those which were and are essential in the reconversion period, and renew those. That will give us at least three categories, and possibly four, where there will be a time differential in the necessity. So, there may be only two, but it seems to many of us there will certainly be three and possibly four or five gradations of the legislation that we have contemplated even before December 31. To us the imperative thing is the necessity for action to be taken before that time, although it may not be possible clearly to define those gradations by that time. I simply wanted to inquire of you, as to what you as an expert upon money matters and upon banking, would think as to the possibility of doing this, and getting it into the category of permanent legislation.

Mr. RANSOM. Mr. Chairman, may I say that I would like that, and I am quite sure that that would be the view of the entire Board. I have this hesitancy, which I tried to express a moment ago, that in dealing with this very large public debt, as created by the war period, I am a little timid in seeking permanent legislation at the present time. I am afraid of the inevitable delays. The matters will require long debate in the committees and on the floors of the Congress. And if it were placed in a position where the committee might extend it for say only a period of a year, I would prefer to see it written later into a permanent bill. It was the law from 1913 to 1935. Then the power was withdrawn. It is a power vested in most central banks the world over, and should be. In 1935 Congress provided that these transactions should be in the open market. Why that was done I am not certain, and you would have to go back and explore that and find out. I think I in all probability know, but I am not sure I do. I am not quite sure that I did not help suggest it, as a matter of fact. I was a banker at the time, but after 10 years' experience in the Federal Reserve, I am quite sure that the Federal Reserve should have perma-

ment authority to permit temporary overdrafts or temporary buying from the Treasury in the manner that has been provided for in this act, and I think it is entirely due to my timidity about the time that it would take to get permanent legislation, that I strongly urge that it be included in this temporary legislation.

Mr. HOBBS. Our only thought was on the duplication of effort there.

Mr. RANSOM. I can appreciate the desirability of doing it at one time instead of in two efforts.

Mr. HOBBS. We will be here probably a month in these immediate hearings.

Mr. RANSOM. I think that is altogether probable. It is a tremendous matter.

Mr. HOBBS. We should have, with the expert help of all the gentlemen who, like you and your assistants, are here to help us, we should be able to get a pretty good idea about these things. What we are trying to do is to escape the lengthy rigors of this problem.

Mr. RANSOM. We realize what a difficult task you have, long, tedious, and most difficult all the way through.

Mr. FELLOWS. What troubles me in this thing, as a pure layman, I do not think anybody could be so rash as to suggest that any one agency in this Government affected by the War Powers Act will come in here and say that it should not be extended; I think that would simply be a waste of our time.

Mr. RANSOM. You think you must assume that as a fundamental probability?

Mr. FELLOWS. Certainly. Why should they testify? We know what they are going to say. They will say, "We are important, and we should be extended." That is what I am faced with here, that is what the committee is faced with. I am not reflecting upon your judgment. I think you are probably right about this. This existed previously, but I am trying to think out loud, and I am having great trouble. I am having "mental hiccoughs" again.

Mr. RANSOM. That is something which could well affect anyone in a problem of this size and nature.

Mr. FELLOWS. We are going to have to face this thing. There is no possible way that I know we can avoid this question, and I think it is going to be a difficult one. No one is going to come in here and say that their agency is nonessential and should be gotten rid of. Everyone is going to tell us that their agency should be extended.

Mr. RANSOM. I would trade with you gentlemen very readily if you could get permanent legislation within the time limits. When I think of the fact that the Government's debt is as large as it is, and that we must aid the Treasury in handling the debt, and all the questions that are involved in this, I am convinced that it would be in the public interest to extend it. However, if you will give me permanent legislation instead of temporary legislation, I would greatly prefer permanent legislation. I think it should be a part of the permanent law.

Mr. HOBBS. You had permanent legislation for about 20 years.

Mr. RANSOM. That is correct.

Mr. HOBBS. You had the advantage of that experience, without finding that it worked to the disadvantage of the Government?

Mr. RANSOM. No disadvantage to the Government whatsoever.

Mr. HOBBS. And then it changed in 1935 during the depression. It required then that you go into the open market?

Mr. RANSOM. Then we were required to go into the open market.

Mr. HOBBS. And now under the Second War Powers Act that was changed and now you come to us with the experience of all three forms of financing, and you see no reason why it should not be permanent?

Mr. RANSOM. I know of no reason why it should not be permanent. I think it should be.

Mr. HOBBS. But you doubt whether you had better extend it for more than a year, because of the difficulty in turning this into permanent legislation.

Mr. RANSOM. The ordinary delay which is inevitable in legislation, particularly banking legislation.

Mr. SPRINGER. I am rather anxious to know a little more about the utilization of this power. You said the last time you wanted to use this power was March of last year. When was the last time before then?

Mr. RANSOM. The 16th day of September, when we had an overdraft of \$258,000,000.

Mr. SPRINGER. \$258,000,000 at that time?

Mr. RANSOM. That is correct.

Mr. SPRINGER. Then the next occasion prior to September 16, when were you called upon?

Mr. RANSOM. Upon the next day, the seventeenth, I beg your pardon, the previous day, the fifteenth, for \$424,000,000. And the preceding day, which was the 14th of September, \$179,000,000.

I can read these figures off to you quickly. On the 13th of September it was \$214,000,000. On the 11th of September it was \$246,000,000. On the 10th of September it was \$243,000,000. On the 9th of September it was \$126,000,000. On the 8th of September it was \$11,000,000. On June 15 it was \$805,000,000. On June 16 it was \$659,000,000. On June 17 it was \$350,000,000. On June 18 it was \$256,000,000. On June 19 it was \$212,000,000. On March 16 it was \$1,250,000,000. On March 17 it was \$981,000,000. On March 18 it was \$836,000,000. On March 19 it was \$778,000,000. On March 20 it was \$768,000,000. On March 22 it was \$603,000,000. On March 23 it was \$700,000,000. On March 24 it was \$512,000,000. On March 25 it was \$432,000,000. On March 26 it was \$384,000,000. On March 27 it was \$304,000,000. On March 29 it was \$104,000,000. On March 30 it was \$40,000,000. However, I have the whole table here, and at the end of my statement I will be glad to submit it for the record. Let me ask Dr. Goldenweiser whether these are separate transactions or not.

Mr. GOLDENWEISER. These are separate transactions with the Treasury, because the Treasury gives us a certificate, and at the end of each day it adjusts it.

The certificate is either increased or decreased in accordance with the day's transactions.

Mr. RANSOM. That is done in connection with the Treasury.

Mr. HOBBS. Those figures you have given are more or less round figures?

Mr. RANSOM. That is right. These are the rounded figures.

Mr. HOBBS. You do not deal in anything small in these particular figures?

Mr. RANSOM. I did not want to bother the committee with the fractional distribution, but if the committee wants that, I could give it.

Mr. GOLDENWEISER. I should like to tell the committee that these occasions nearly always arise around income-tax collections, when the Treasury has a good many maturities, and there is some delay in obtaining funds. In order to prevent tightness in the market and unnecessary difficulties, it overdraws its account with the Federal Reserve. The practical way in which it is done is to give the Federal Reserve a certificate to cover the extent of the overdraft, and then from day to day to adjust the amount until the entire amount has been paid off.

Mr. SPRINGER. But there has been that interim since March of 1945 to the present time?

Mr. RANSOM. Fortunately there has been up until this time.

The CHAIRMAN. We are delighted to have with us, Judge John Jennings, Jr., of Tennessee; we are so happy to have him with us today in our deliberations. We are very glad to have Mr. Michener, of Michigan, back with us. We want you to understand that we appreciate your presence, and you will honor us by participating in our questions and in our deliberations.

Any other questions that you would like to ask? If so, we would be happy to have you ask them. If not, and without objection, this memorandum will be included in the record. So ordered.

(The memorandum referred to is as follows:)

Holdings by the Federal Reserve banks of special short-term Treasury certificates purchased directly from the Treasury since March 1942

[In millions of dollars]

Date	Amount	Date	Amount	Date	Amount
1942—June 16.....	58	1943—Mar. 4.....	174	1943—Mar. 26.....	384
June 19.....	70	Mar. 5.....	354	Mar. 27.....	304
June 20.....	47	Mar. 6.....	543	Mar. 29.....	104
June 22.....	34	Mar. 8.....	591	Mar. 30.....	40
June 23.....	94	Mar. 9.....	648	June 15.....	805
Sept. 15.....	324	Mar. 10.....	632	June 16.....	659
Sept. 16.....	189	Mar. 11.....	790	June 17.....	350
Sept. 17.....	286	Mar. 12.....	940	June 18.....	256
Sept. 18.....	76	Mar. 13.....	1,043	June 19.....	212
Sept. 19.....	53	Mar. 15.....	1,302	Sept. 8.....	11
Nov. 27.....	139	Mar. 16.....	1,250	Sept. 9.....	126
Nov. 28.....	329	Mar. 17.....	981	Sept. 10.....	243
Nov. 30.....	422	Mar. 18.....	836	Sept. 11.....	246
Dec. 1.....	98	Mar. 19.....	778	Sept. 13.....	214
Dec. 10.....	16	Mar. 20.....	768	Sept. 14.....	179
Dec. 15.....	145	Mar. 22.....	603	Sept. 15.....	424
1943—Jan. 29.....	115	Mar. 23.....	700	Sept. 16.....	258
Jan. 30.....	202	Mar. 24.....	512	1945—Mar. 15.....	4
Mar. 2.....	3	Mar. 25.....	432		

Mr. HOBBS. The next witness will be Hon. J. Henry Neale, assistant general counsel, and Capt. Myron H. Avery, Chief Admiralty Officer, Office of the Judge Advocate General, Navy Department.

STATEMENT OF J. HENRY NEALE, ASSISTANT GENERAL COUNSEL,
OFFICE OF GENERAL COUNSEL, NAVY DEPARTMENT

Mr. NEALE. Mr. Chairman, and gentlemen of the committee, I want to say at the outset that we are all here really as a group trying to accomplish the very same thing that you are trying to accomplish. Although we may, perhaps, suggest a slightly different approach to it, nevertheless, our ultimate desire is precisely the same. We are all heartily in accord with the views that have been expressed here in regard to the limiting of any unnecessary wartime powers in our peacetime economy. I might say, as will be indicated to you more fully later on, that there are certain powers or limitations that went out during the war that we are ready to undertake again as soon as conditions change, and there are certain wartime powers that, as soon as the situation permits, we will be happy to be rid of. It is not so much our desire to get rid of unnecessary powers—a desire which we possess very strongly—that holds us back but our main difficulty is that the resolutions which are before you, present a more or less shotgun approach, terminating everything which is affected by the clause “after the termination of hostilities.” That is too general a statement, and I think that your committee will realize that, and recognize the difficulties of any such approach as that. That is one point that I want to emphasize.

There are two additional points which have been only covered slightly, and I would like to talk about those. The first is the retroactive feature. It is proposed that in October, or perhaps November, the hostilities be declared terminated as of August 14 or September 2. However, it should be borne in mind that there are certain statutes which expire on the day of the termination of hostilities, such as the Renegotiation Act and certain tax exemptions. It would create chaos if that retroactivity situation were pressed to its ultimate conclusion.

The second feature is one the chairman commented somewhat briefly upon. That is with respect to the fact that there are a number of other statutes which are not included in the list of the Attorney General, which may affect the Navy very much.

Mr. HOBBS. May I interrupt you there? You are referring now to these bills in which we have a discussion as to the termination of hostilities, they are really resolutions, one having the date of August 14?

Mr. NEALE. That is correct, August 14, 1945.

Mr. HOBBS. And so the record will be clear, what is the other?

Mr. NEALE. And the other is September 2, 1945.

Mr. HOBBS. I just want to be certain that we understand each other as we go along.

Mr. NEALE. Yes. There are a number of permanent statutes on the books affecting the Navy which in one way or the other way are rendered effective and come into life upon the beginning of a war. There are also a number of statutes which are effective only in peacetime and which become suspended in war. You really have three or four categories. You have the emergency statutes passed since 1941, or even back as far as 1939, which are based on the particular emergency before us. That, I think, has been the subject of an opinion or compila-

tion submitted by Attorney General Clark to the President. You also have the permanent statutes which are operative only in time of war, and you have the permanent statutes not operative in time of war, that is, operative only in time of peace. The passage of any legislation which might declare the war over, or hostilities terminated, would create tremendous difficulties for the Navy.

I said in the beginning that we are interested in the same objectives, and the question is one of approach, and of approach only. We are just as strongly interested in dispensing with unnecessary powers as anyone else. Our feeling is for us to come forward and say to you frankly and freely, "Here now are the statutes we are prepared to give up," listing those particular ones which can be relinquished, and then continue doing that from time to time. There may be some of the emergency statutes that we want to continue permanently, and the Navy can ask permanent legislation as to those. But the adoption now of any resolution declaring the termination of hostilities, which would affect some two-hundred-odd laws, would, it seems to me, create a very serious situation.

I have here one compilation, which is not necessarily complete, of some 82 statutes, which are permanent statutes effective only in time of war, with 34 others which are suspended in time of war, or on the other hand, which are effective only in time of peace. There are also a number of others which have been suspended during the wartime operations. We would like to come in and examine these very carefully, and go over them with the committee. There are some of them that have very far-reaching effects. Some of them are statutes that I know this committee will want to examine with the closest scrutiny before it does anything about them. In fact, many of them have to do with the welfare of the men, such as the exemption of the Federal tax on cigarettes for men in the outlying bases. Under its present terms that exemption would expire on a declaration of termination of hostilities and then they would have to pay more for their cigarettes, which would not be much of a morale builder. Sometimes things like that have an irritating effect far beyond what one might think. We simply would ask you gentlemen to let us come in with a list of the statutes that we think can safely be eliminated, and dispose of them, and move along with a continuation of that process. I can assure you, because I know the question will immediately arise in your mind, that we will do so with the greatest of speed, and there will be no delay.

Mr. HOBBS. When you do give us, with the aid of a list that has been furnished by the research group in the Library of Congress, using that list and such similar lists as you have in your Department, could you give us the category that we were just talking about?

Mr. NEALE. I think we could. It is a question, sometimes, of looking at a statute and we think it has no effect at all, and then we inquire around among the various people in the various departments, whereupon it may turn out that it is very important to certain of the departments. For instance, you have under the Second War Powers Act a provision such as title I which we are not interested in at all, but the Federal Reserve thinks it is very important to them. The Federal Reserve might not be interested in some of the acts which are important to the Navy. The same thing is true, in the converse, with

the Navy. We have to make certain that we are not irrevocably damaged by any wholesale approach. I think we can come in with specific recommendations, and it will have to be an evolutionary process, as conditions change.

Mr. HOBBS. The Maritime Commission seems to be very much interested in title I. I think the Navy would be interested in that, also.

Mr. NEALE. I was thinking of the last one dismissed by the previous witness. I do not recall the number, but it is one in which we have no concern at all. I was using merely as an example, one which the Navy would have felt to be of no importance to them at all.

Mr. SPRINGER. I think you were referring to title IV.

Mr. NEALE. That is correct, title IV. Now, take title II; that is important to us. That expires by its terms on December 31, 1945, unless some action is taken to continue with it. We in the Navy are concerned with only three or four of these titles in the Second War Powers Act. Captain Avery, of the Admiralty Division, will discuss title V. At this time I should like to present some comments in connection with titles II, III, IX, and XI.

This is a statement on behalf of the Navy Department concerning the extension of the Second War Powers Act. The Navy Department has a particular interest in the extension of the following titles of the Second War Powers Act which would, in the absence of extension, expire at the end of the year :-

Title II. Title II is the basic authority under which the Department has acquired real property for naval or other war purposes. It is important because it permits the taking of immediate possession upon the filing of the condemnation petition and waives the requirement of prior approval by the Attorney General as a condition precedent to the occupation, use, or improvement of the property. It is, of course, quite apparent that we shall not in the future need the powers given us by title II nearly as much as we needed them in the past, if only for the reason that our acquisitions in the future will hardly be as numerous. Nevertheless, it seems quite safe to assume that there will be some acquisition through the next calendar year in circumstances where immediate acquisition is necessary and the information available is not detailed. Such rush acquisitions may well occur in connection with decommissioning and preserving ships, in connection with demobilization, and in connection with conversion of certain properties as a permanent part of the Naval Establishment.

Title II provides the sole authority under which the Navy can make such prompt acquisitions since under the title we may file a petition in condemnation, using a perimeter description only, and obtain immediate possession of the property. Further, title II may well be the Navy's sole authority for the condemnation of temporary estates, such as leasehold interests. While it may be open to question whether other acts authorize such condemnation, there is no assurance that there would not be a long delay in convincing the courts of the propriety of using other statutes and one well can imagine where such delay would be injurious, as, for example, the prompt necessity for obtaining leasehold interests in hotels and the like for convalescent centers. Title II is also the only authority under which the Navy may grant interests in land in the interest of national defense. Under this power, the Navy has granted easements to States and municipalities for the relocation of

roads. If this power expired on December 31, there would be no certainty that the Navy had yet cleared all its field commitments to States and counties on relocated roads or interests in lands taken. Finally, title II provides the Navy exclusive authority for acquiring personal property when such personal property is necessary for use in connection with the real property being acquired, and this is quite important in many cases.

Title III: Title III is the basic source for the exercise of priority powers. Here again it is quite true that at least quantitatively the Navy's need for continuance of priorities powers is far less urgent than formerly. Nevertheless, the Navy feels that continuance of the power for use in certain situations is important. It hardly needs emphasizing that there are still critical shortages in certain fields and that supply does not come close to equaling demand. While perhaps in the normal case, it may reasonably be suggested that the Navy compete on an equal basis with civilian purchasers, I do not think we can yet afford to make such an arrangement. As you well know, the first order of business is demobilization—a task which requires a large amount of matériel. Further, there is the task of placing our fleet on a peacetime footing without at the same time permitting those parts of the fleet which will not be on an active basis to deteriorate beyond usefulness. This process, too, will call for the urgent acquisition of materials. And our fleet is still in being as an operating force; so is our aircraft. These must be maintained and their maintenance calls for supplies which are or may be in critical shortage. While one cannot at this point state with certainty how well we could get along without priorities powers, it seems abundantly clear that the immediate tasks ahead are so important that we cannot afford to take the chance that they will be delayed by the absence of priority powers.

Title V: Title V permits the Secretary of the Navy to waive compliance with navigation and vessel inspection laws. At least for the present, this power is important to the Navy Department. Captain Avery, of the Office of the Judge Advocate, will state the Navy's position on this.

Title IX: Two other titles may be noted. First is title IX which provides for transmission free of charge of first-class postage mailed by military and naval personnel. The free postal privilege is an important benefit to our men. I understand, however, that the Congress is treating this subject separately, and therefore it need not be considered in connection with the present problems relating to the Second War Powers Act.

Title XI: The second title worthy of brief note is title XI which permits the Secretary of the Treasury to accept a gift of money or other property for war purposes. In general this power is no longer of importance to the Navy. It should be noted, however, that it is under this title that the United States is authorized to accept the franc contributions from the French Government to increase the purchasing power of American military personnel in France. Of course, comparatively few Navy men are affected by this. But it may be desirable to continue this power, at least until some more comprehensive and acceptable scheme can be devised to take care of this troublesome problem.

MR. SPRINGER. What is your point about the hotels? You made some point about that.

MR. NEALE. That involves title II. It is quite important in many cases when you take over a hotel as a going concern, and without title to the personalty connected with it, we would be pretty much hamstrung. We feel that while it is impossible to say how much the power under title II is going to be used, it is very important to have it. In that connection we have a standing arrangement with the House Naval Affairs Committee that we will not acquire any real estate without clearing it with them. But once it is decided to acquire the property, title II gives us the immediate means to go ahead and take it without giving a detailed description of the property and going into the courts in the ordinary way. Also in this last war we have saved the Government a considerable amount of money by condemning certain pieces of property for a term of years rather than the fee. We feel this is important.

MR. SPRINGER. What was the point that you made in connection with title III?

MR. NEALE. With respect to title III, I know that you members of the committee would like to have something definite and detailed as to that, and for that reason we have taken the matter up with the various bureaus and offices of the Department. We circulated the various bureaus, and we did not have time for them to check it thoroughly, but I have a statement from the Bureau of Aeronautics which I think is very timely. I might say that I just received this information at noontime; I did not have it this morning. This is a statement prepared by Capt. Roy Jackson, Director, Production Division, Bureau of Aeronautics of the Navy Department, concerning the desirability of continuing the priorities system and materials control [reading]:

It is understood that the power to create, maintain, and enforce the various controls such as the priorities system, limitation orders, conservation orders, rating orders, allocation controls, and other similar wartime controls under the jurisdiction of the War Production Board and other governmental agencies stems from title III of the Second War Powers Act, and that under said act such power will be terminated on December 31, 1945, unless it be extended.

Although the need for governmental protection in the aircraft production program has greatly lessened since the surrender of Japan, it is believed nevertheless that the power to exercise control over materials and production should be continued for the time being. It is recognized that the present emphasis is on conversion to civilian production and away from military programs, and that the exercise of the powers granted by title III of the Second War Powers Act will continue to diminish, but if no such powers exist it is believed that the Bureau of Aeronautics' program might be seriously affected.

Certain materials such as tin, lead, rubber, sisal, and other fibers are still in short supply. Inasmuch as the sources of supply of some of the tight materials are not yet freely available, it cannot be accurately predicted when supplies adequate to meet both military and civilian demands can be obtained.

In addition to material shortages, serious problems exist in various industrial fields. In the rubber, steel, and textile industries especially, it is entirely possible that Bureau of Aeronautics' contractors would be unable to meet their schedules if existing priority regulations and restrictive orders were removed. Specifically, if the R-1 order—the basic War Production Board control of crude rubber—were abandoned, a chaotic condition might develop in the rubber industry in a short time that would result in the stoppage or serious delay in the production of those few air-borne components where the use of crude rubber is still essential.

Since the surrender of Japan, the AAA rating has been requested by the shortages section, materials and resources group, only once, but the fact that such uprating power and procedure exists is of itself an effective protection. If, for instance, a Bureau of Aeronautics' contractor found difficulty in placing an order for a relatively small number of castings or forgings on a mill, there would

be serious interference unless a rating system existed which would force the mill to take such order ahead of civilian production which it desired to favor.

It is particularly important that materials and components be available for experimental work in the aircraft field. Orders for such items for experimental programs are necessarily small and usually less than a mill run but experimental development work is of such prime importance to the Bureau of Aeronautics that no delay or interference should be permitted.

MR. SPRINGER. That is from the Bureau of Aeronautics, Navy Department?

MR. NEALE. Yes. That is their comment on this particular proposition.

THE CHAIRMAN. Mr. Feighan, of Ohio, desires to ask you some questions.

MR. FEIGHAN. It appears to me that no more forceful statement of that kind could be made if we were in the thick of battle and perhaps on the losing end.

MR. NEALE. I did not realize that the statement was quite so forceful. It is, of course, the fact that the situation is not as serious as it was in wartime. I take it that the main objective is to help the contractors themselves. We place a contract with them for the finished article, and they may have difficulty in getting one component which is tying up the rest of their production on that contract. If we can be able to give them the right-of-way in going to the supplier of the component, then they are able to have the production go through. The number of production contracts has, of course, been going down. There is still a very important amount of experimental and developmental work going on, however, at the present time, which is vital to the present and future safety of this country. It simply cannot be ignored with safety. As this statement points out, these orders are usually small and sometimes the suppliers are not interested in filling the small order, and in many cases you have a lot of work being held up because of that. I think this is very important from the standpoint of the Navy and Navy contractors, and I think it is very advisable that we still have this power, but I think that the main statement with regard to title III should properly be, and will probably come, from Mr. Snyder and Captain Small. I simply offer this on behalf of one bureau of the Navy. As a matter of fact, if I had not received this statement at noontime I would not have mentioned title III, but we do ask your consideration of it. We did ask the bureaus with regard to specific example, and having received this information today I thought it would be well to present it. In regard to title V, that is one as to which Captain Avery has a brief statement. We have really only two other titles, title IX, with respect to the transmission free of charge of first-class postage mail, and incidentally, I notice that that is being taken care of in a special bill, but of course, if that is not done, and if there is no special bill passed, or if the matter is not included in some bill, that right will expire on the 31st of December 1945, and the men in the service will lose the right to the transmission of first-class mail postage-free.

MR. FELLOWS. That could be taken care of very quickly?

MR. NEALE. That is true. The last one is title XI, which permits the Secretary of the Treasury to accept a gift of money or other things. It is under this title that the United States is authorized to accept contributions from the French Government in the form of francs, and there are very few affected by this in the Navy, but it may be that the

Navy might continue with that power until some other way can be arranged to take care of this problem. So, these are the only titles in which the Navy is interested at the moment: Title II, title III, title V, and title IX, and title XI, which should be considered, and on title V Captain Avery will have certain remarks. Captain Avery is from the office of the Judge Advocate General.

Mr. SPRINGER. In title II you have the condemnation of property?

Mr. NEALE. Condemnation of property is in title II.

Mr. SPRINGER. Is the time not past when you have condemned all the property that you need?

Mr. NEALE. I hope so. I hope it has, but there is no telling what will be required with respect to convalescent centers or demobilization centers and separation centers, and the like.

Mr. SPRINGER. Convalescent centers, they are pretty largely already set up, are they not?

Mr. NEALE. In the main they are, but there may be others. We do not know what the future problems are going to demand.

Mr. SPRINGER. You have a great surplus of property which has already been condemned?

Mr. NEALE. There is some surplus of property, but I do not know whether it is satisfactory for these other purposes that the Navy has in mind.

Mr. SPRINGER. Instead of condemning more property, you want to get rid of some of the property which you have?

Mr. NEALE. The people in charge of the real estate program could be brought in, if that question comes up, and if there is any question there the committee can be thoroughly informed as to what properties the Navy has on hand and what programs they have in mind at the present time. Of course, the real estate people know what properties we have and if it is at all possible to do so they will utilize those. I am unable to say as to just how that question would come up. I think that if the question does come up, it is very, very important to have this power. As I say, we have had this arrangement with the House Naval Affairs Committee whereby any additional land is taken either by condemnation or by rental only after we have cleared it with the House Naval Affairs Committee. We do not even sign the lease for the real estate until it has been cleared with them.

Mr. SPRINGER. I understand that point.

Mr. NEALE. We simply feel that without title II we would be most seriously handicapped if the occasion arose.

Mr. SPRINGER. If any one of these resolutions should be adopted declaring the war at an end on a certain date, with such power as is necessary to be continued specifically retained, if that were done you would have no objection to it, would you?

Mr. NEALE. The difficulty with that, sir, is that unless we specify which ones are to be continued we feel that there would be a time lag with important provisions not covered for a time.

Mr. SPRINGER. Those would have to be specified.

Mr. NEALE. We would achieve the same result if you did it, it seems to me, the way we suggest, and with less danger. Certainly, by either way we would achieve the same result, but the only thing I see is the monumental task you have in going through these different laws. Our estimate is that there are some 400 statutes which are not only tem-

porary legislation put on the books in the last 5 or 6 years but also permanent legislation which has effect only in time of war and other permanent legislation which has effect only in time of peace. We would have to analyze those. I think it would be much better to have us come in here and say, "Here is what we concede we do not need now," and a short time later come in with a list of what we might not need at that time. Certain bills or acts can be eliminated at a certain date, but others must still be kept in force. Then later additional ones can be eliminated. Mr. Michener, I think, this morning suggested that we could take these statutes in the Attorney General's report—and I say that we would also like to include other statutes that affect the Navy—and indicate specifically just which ones can now be terminated and those that we think should be continued, with a brief statement of why we think that should be done.

Mr. SPRINGER. You are checking through these statutes?

Mr. NEALE. Yes, we are checking through them.

Mr. SPRINGER. And you are going to report back to us?

Mr. NEALE. We are going to bring you back a very complete report.

Mr. SPRINGER. When you bring that report back to us, you would have no objection to passing one of these concurrent resolutions saying that the war was now over?

Mr. NEALE. If that were done at the same time that legislation were enacted continuing specific provisions, except with the reservation that I do not think you should pass one of these retroactive resolutions. In other words, I do not think you should pass one of these resolutions that is not only very broad but also has these retroactive features, because we think that would be very disastrous. You could pass a resolution that the war terminated as of the date of the resolution, or some date in the future; but to pick some date in the past, I think, would cause a tremendous complication with respect to the statutes that were not continued.

Mr. FELLOWS. What is your suggestion as to what the date should be, when it should stop, when we should say that the hostilities are over?

Mr. NEALE. I would hesitate to suggest that; I would hesitate to act as a prophet.

Mr. FELLOWS. You realize that someone has got to suggest that date.

Mr. NEALE. I do not think it can be safely done until you have a report from the various agencies, all of these agencies, as to the situation. Otherwise, great harm is going to be done.

Mr. FELLOWS. How did you get along before this War Powers Act was passed? I wonder.

Mr. NEALE. Congressman Fellows, I was not here then, so I do not know.

Mr. FELLOWS. You mean you were too young to be here?

Mr. NEALE. No; I was just a humble lawyer, and I only came down here after the war began and I entered the service.

Mr. FELLOWS. That may be all right, and I am humble too, but somebody has to decide this question. I do not see how you are going to decide it, if you are coming in here and saying there are 82 particular statutes for war and 34 for peace, that you refer to there—those are in force, are they not?

Mr. NEALE. Yes, these 82 statutes for war and 34 for peace are all in force at the present time.

Mr. FELLOWS. You would like to have those continued indefinitely so that by no chance could there be any impingement upon your authority under the statutes?

Mr. NEALE. No; I do not think so. I say that we should not have them continue indefinitely, but I say they should not terminate, those specific ones, until we have had a chance to go over them carefully and see what the ramifications are, and not just reach up in the air and select a date and say that the hostilities are over then without knowing what effect that is going to have.

Mr. FELLOWS. Would one of these resolutions destroy even the permanent statutes?

Mr. NEALE. They would not destroy the permanent statutes, but the destructive effect of them at the present time would be considerable. We could not operate under them, and a lot of these statutes are for the distinct benefit of the people in the service.

Mr. FELLOWS. For instance? Give us some illustrations of that. You spoke about the tax on cigarettes. Can you think of any other instance?

Mr. NEALE. Well, there is the Soldiers' and Sailors' Civil Relief Act which expires 6 months after the termination of the war. And the statute which gives additional pay for sea duty or foreign duty. Also certain rights under National Service Life Insurance expire 3 months after the termination of hostilities as declared by Congress. Those rights will be automatically terminated immediately if one of these retroactive resolutions is adopted. The trouble is that there are a great number of these more or less special statutes designed for special situations. There are about half a dozen or more that affect virtually everybody, such as wartime controls, priorities, the OPA, and so forth, that we immediately think of in connection with the ending of the war but there are also a great many very technical statutes that need study before we can get a clear picture of just what is going to happen when we go ahead.

Mr. FELLOWS. Of course, our boys that are in for a period of 6 months after the war, they would probably welcome this, would they not?

Mr. NEALE. Yes, Congressman; of course, you could handle that by a special statute which would affect only them.

Mr. FELLOWS. But a special statute would take care of the cigarette tax also, would it not?

Mr. NEALE. Yes; a special statute would take care of the cigarette question, but the thing I am interested in is to make sure that all these things are covered at the same time, simultaneously, Congressman, with the cessation of hostilities so that when we say that everything is over, that the cessation of hostilities has taken place, we are prepared with these others. I think the problem is purely a matter of approach, whether you say they are all terminated except the following, which we continue, or say that we continue the following and terminate the rest. It is really twiddledum or twiddledee when you get down to the real standpoint there of the final outcome. If the thing is done and the result is not the best, it would be simply because it is not worked out properly, no matter which way you do it.

Mr. HOBBS. I would like to say that we are very much obliged to you, Mr. Neale. Let me ask you on the record, and everyone else,

that you will be sure to clear through the central agency, which we would suggest be the Department of Justice; in other words, there is no need for us to check on what the Navy wants, or what the Army wants, or what the Reconstruction Finance Corporation wants, or what the Metals Reserve Corporation wants, the Federal Reserve Bank, when all of you in submitting your lists can give a carbon copy to Mr. Judson and he in turn can make the whole list, and we will be sure that this is clear.

There is another matter which I think, in view of the number of witnesses we are going to have, will be of importance here. I am going to ask that each one of you state on the record your full name, title, address, and telephone number, so that it may be obtained from the record. That will avoid difficulty in securing this information.

Mr. NEALE. J. Henry Neale, Assistant General Counsel, Navy Department, room 2310, Main Navy Building, Republic 7400, Extension 4041.

Mr. HOBBS. The next witness is Captain Avery. We will be so happy to hear you now.

STATEMENT OF MYRON H. AVERY, CAPTAIN, UNITED STATES NAVAL RESERVE, CHIEF ADMIRALTY OFFICER, OFFICE OF THE JUDGE ADVOCATE GENERAL, NAVY DEPARTMENT, WASHINGTON, D. C.

Captain AVERY. Mr. Chairman, I am Myron H. Avery, Chief Admiralty Officer, Office of the Judge Advocate General, Navy Department, room 2327, Navy Building, and my phone is Republic 7400, Branch 2575.

My statement is directed only to title V, entitled "Waiver of navigation and inspection laws," of the Second War Powers Act, title 50, U. S. C., section 635, which reads as follows:

SEC. 635. Authorization of waiver by responsible department or agency head.—The head of each department or agency responsible for the administration of the navigation and vessel inspection laws is directed to waive compliance with such laws upon the request of the Secretary of the Navy or the Secretary of War to the extent deemed necessary in the conduct of the war by the officer making the request. The head of such department or agency is authorized to waive compliance with such laws to such extent and in such manner and upon such terms as he may prescribe either upon his own initiative or upon the written recommendation of the head of any other Government agency whenever he deems that such action is necessary in the conduct of the war.

This section is of vital importance to the American merchant marine. During the war, with the construction of merchant vessels under wartime conditions, it was impossible to have American vessels—which are subject to inspection—comply with all of the requirements of the statutes and regulations relating to merchant vessels. These deficiencies were types of equipment used and inability to obtain merchant marine crews with the experience and rating required by the statutes and so forth. There are very numerous deficiencies.

To demonstrate the seriousness of the situation, on October 4, 1945, the Coast Guard held at New York a public hearing and the Coast Guard representatives submitted a list of the items, which are now waived under title V, where waiver would be impossible after the expiration of the Second War Powers Act. The hearing developed the

necessity for a longer period of time to make the necessary reconversions and adjustments. The maritime unions particularly stressed the necessity for time in order to meet the manning requirements. As a result, by letter of October 15, 1945, the Secretary of the Navy submitted to the Bureau of the Budget a proposed bill to extend title V of the Second War Powers Act. The time required to clear and introduce this measure, which only relates to one section, makes it particularly advantageous to meet the problems by an over-all approach rather than piecemeal.

There is a particular aspect of this matter which is of vital concern to the Navy Department. During the war, there were types of specially constructed vessels, such as carriers, landing craft, and so forth, where it was physically impossible to comply with the statutes with respect to the navigation lights to be exhibited. Thus, these vessels were exhibiting lights not in compliance with the statutes. In the event of litigation there would be heavy liabilities assumed by the United States. These departures with respect to lights have been waived by the Secretary of the Navy under the Second War Powers Act. Next year there will assemble a convention to revise these statutes; that is, the International Rules of the Road. It is anticipated that this problem will be solved by granting an exemption to specially constructed naval vessels but for the period between the expiration of the Second War Powers Act and the adoption of the convention there will be a critical situation.

The Coast Guard hearing demonstrates that the maritime industry requires further time to enable the operation of merchant vessels to be conducted under the peacetime statutes and regulations. This critical situation can be met only by an extension of title V of the Second War Powers Act.

Reference here has been made to an "A. B." Under the statute, ordinarily, an A. B. would have to have something on the order of 3 years of experience. Under wartime regulations that was cut down to a very short time, a very short period indeed. The maritime union came in at the Coast Guard hearing and said that if we are going to man these ships, conditions today are such that we do not have enough A. B.'s with 3 years experience, and we have got to have the time and the leeway in which to adjust ourselves to meet the situation. I am quoting the statement of the maritime unions made in connection with that matter. Moreover, personnel on these merchant vessels are specified by statute and regulations, and you have to have so many engineers, you have to have so many seamen, and there are different types of seamen, one of them is known as an able-bodied seaman, the A. B., and the ordinary seaman. The able-bodied seaman has to be a man with 3 years' experience.

I might supplement my statement further by repeating what was said by the Coast Guard representatives, at this time. They said that, under the statutes, these cargo vessels are permitted to carry only 12 passengers. A great many of these converted cargo vessels are bringing troops back to this country, and the Coast Guard's position was that when these waivers expired, the waiver permitting the loading of these tremendous numbers of troops on these merchant vessels would expire, legally they would be unable to bring back more than 12 passengers on these vessels. The only alternative seems to be an extension of title V of the War Powers Act.

Mr. HOBBS. For what length of time would you want that?

Captain AVERY. The Coast Guard asked for a period of a year.

Mr. HOBBS. Do you think that would be adequate?

Captain AVERY. I do, sir.

Mr. HOBBS. We are very much obliged to you, Captain Avery, for coming up here and giving us this information.

The next witness will be a representative of the Army. I understand that an arrangement was made satisfactory to Mr. Small, that he will make his statement later.

Mr. SMALL. The problem is that I will not be able to be here Monday. The Army did not feel that it would take a very lengthy time.

Mr. HOBBS. I was just told by the clerk of the committee that possibly there will be an agreement in regard to that, if not, we will get to you as soon as we can. The Army is represented by Col. Edward F. Gallagher. We are delighted to have you with us.

STATEMENT OF COL. EDWARD F. GALLAGHER, UNITED STATES ARMY

Colonel GALLAGHER. My name is Edward F. Gallagher, colonel, United States Army. As we see it, Mr. Chairman, the subject matter of this hearing falls into two parts; one part relates to the issuance of a proclamation announcing the end of hostilities; the other part is the question of extending the Second War Powers Act which now carries an expiration date of December 31, 1945.

Mr. HOBBS. And any other war-powers act that is similarly situated.

Colonel GALLAGHER. First, on the first part, we are in accord with the statement that was made this morning by Mr. Snyder. We realize that the time has come to examine our emergency statutes to see which are needed further and which are not. I might say that the War Department has already undertaken this work. We plan to carry it to its conclusion, and cooperate with Mr. Snyder's office so that he can comply with the plans of the committee, by coming back here in the very near future with an accurate statement of what we think should be done with these various statutes.

Mr. HOBBS. Will you be good enough, please, sir, to give a carbon copy of this statement to the Department of Justice?

Colonel GALLAGHER. I will be very glad to do so.

Mr. HOBBS. To their Mr. Judson there.

Colonel GALLAGHER. I will see that is done. With respect to the extension of the Second War Powers Act, it is our view that certain parts of title II, title III, title V, and title XI, should be extended.

Mr. HOBBS. So the record may be clear, it is your view that a certain part of title II, title III, title V, and title XI, would be extended?

Colonel GALLAGHER. That is correct. Title II, title III, title V, and title XI. We are not presenting any witnesses to you in connection with title III, because that is being adequately covered by other agencies. We do have three witnesses here on three titles. We should like to have you hear Gen. John O'Brien, who will talk with regard to title II.

Mr. HOBBS. Before you do that in this general way, will it be possible for you to tell us now if the Army has a similar number of laws as has the Navy with respect to the "For the duration of the war" so we will have some general idea of the situation?

Colonel GALLAGHER. I am not prepared to state any definite number of laws that may be involved. I think in a good many cases the statute will overlap both the Army and the Navy. I do know that there are a great many statutes pertaining to personnel, and similar matters, for instance, but I am not prepared to make a statement on them at this time.

Mr. HOBBS. We appreciate greatly your appearance, and we would appreciate it if you would not overlook any of these general statutes or parts thereof that could be so easily regarded as coming within or without that.

Colonel GALLAGHER. It will do my very best to see that they are all included.

Mr. HOBBS. General O'Brien, we are so happy to have you with us, and for the opportunity of having your testimony.

STATEMENT OF GEN. JOHN O'BRIEN

General O'BRIEN. Mr. Chairman and members of the committee, as the colonel indicated, I would like to address myself to title II of the Second War Powers Act.

Title II of the Second War Powers Act has two broad aspects: It broadens and facilitates the War Department's land acquisition powers insofar as it authorizes the acquisition of temporary interests in real estate, the taking of immediate possession, and the taking of personal property located on real estate required by the Army. It confers upon the Secretary of War the right to dispose of real property when such action is deemed necessary in the interest of the national defense.

With the termination of hostilities, the War Department has found it no longer necessary to require immediate possession of properties on a broad scale, although such action is occasionally necessary to provide storage sites. On the whole it may be said that retention of its summary acquisition powers is of secondary importance.

I would like to stress insofar as the disposal powers contained in title II are concerned, however, revocation of that title will impede the real estate activities in the following ways:

There are at present a number of facilities, mainly industrial, which are temporarily excess to the War Department's needs, but which cannot be declared surplus since they are required in standby condition. By entering into leases with industrial concerns on such facilities the Army is able to reduce maintenance costs and at the same time to obtain a profitable revenue and add to the industrial potential of the country. The only authorization, apart from title II of the Second War Powers Act, to enter into such leases is contained in the act of 28 July 1892, 27 Stat. 321. This act authorizes the Secretary to lease properties under his control for a period of 5 years, when it will be for the public good, such leases to be revocable at any time, War Department responsible for maintenance, and so forth. Ordinarily it is impossible to negotiate a lease on an excess industrial facility containing a "revocable at will" clause. Consequently title II has proved and will prove most useful in carrying out the War Department's management program on its excess facilities. At present, proposals for leasing are being considered at Edgewood Arsenal, Rocky Mountain Arsenal, and Kansas City Assembly Plant, all of which depend upon title II.

During the course of the past war it has been necessary to relocate utilities located upon military properties which interfere with complete use of the installation. The procedure followed calls for a relinquishment of the existing utility right-of-way, whether it be a power or pipe line, and a conveyance to the owner thereof of a substitute right-of-way upon another portion of the reservation. There are 82 such conveyances to be made by this Department, nearly all of which depend upon title II of the Second War Powers Act. While it is true that there are other acts authorizing the War Department to grant rights-of-way these statutes are so limited in application that they rarely will serve the purpose of the relocation contract—either because the right-of-way granted is for too short a duration or too limited in scope.

I might point out in such a case that it may be occasionally necessary from time to time to exercise this authority. In other words, the right of immediate possession, and the right which authorizes the taking of temporary interests, and taking of personal property are considered no longer any other than secondary importance. I might be confusing the issue there when I say that insofar as the War Department is concerned, if those powers lapse we do not feel we would be greatly handicapped from now on.

We would like to particularly stress the necessity of the disposal powers contained in title II, since the revocation of that title would greatly impinge upon the work that we have to do in a number of ways. There are a number of units which will be continued in a standby condition. They may be, now, part of one of our permanent arsenals which in peacetime would be no use except for its ultimate production level, but it would contain facilities which could be very readily put in excellent commercial use. We feel that by entering into leases with commercial or industrial organizations for such parts or units as the case may be that we will achieve a very much better management of our property.

Under our peacetime authority we have authority to enter into leases for 5 years with the revocation of such lease at the will of the Secretary, and providing the War Department continues the maintenance and repairs, and so forth. Of course, that immediately poses this problem: No industrial or commercial concern is going to undertake to go into one of our modifications of these plants, with a provision in the law that it can be revoked at the will of the Secretary of War, and without notice. Secondly, under the provisions of the Second War Powers Act, we are now entering into leases of our properties, of large properties, for instance, the Kansas City modification plant has been leased to the General Motors Corp. for \$500,000 per year, under the provisions of that act, with General Motors doing all of the maintenance, repairing, and that type of expense.

MR. MICHENER. Is that surplus property? Does that go under the Surplus Property Act? Or, on the other hand, does the Surplus Property Act supersede your Second War Powers Act?

GENERAL O'BRIEN. To a certain extent, but in this case these properties are not surplus. They are stand-by properties, and the War Department will not declare them surplus. Any property that is surplus the War Department will declare surplus and then it is turned over to the Surplus Property Board. The Surplus Property Act

did not supersede, and there is a saving clause which contains the disposal phase of that.

Mr. JENNINGS. May I ask a question, Mr. Chairman?

Mr. HOBBS. General O'Brien, Judge Jennings has a question that he would like to ask you.

Mr. JENNINGS. What is your plant there, and what can it produce?

General O'BRIEN. This is one of our Air Force modification plants, where we did the modifying of the airplanes.

Mr. JENNINGS. In other words, you put them in condition and fitted them for actual combat?

General O'BRIEN. That is the situation. That is what we did.

Mr. JENNINGS. Made certain modifications in them?

General O'BRIEN. That is correct. They were prepared for use in battle.

Mr. JENNINGS. And this has been turned over to General Motors; what are they going to do with it?

General O'BRIEN. As I understand it, they will build automobiles there. There are, of course, direct provisions in the lease that they shall not in any way alter or change the structure in such a manner that it cannot be placed back into active operation within 30 days.

Mr. JENNINGS. They will go in and retool this plant?

General O'BRIEN. Yes. They will go in and prepare it for automobile manufacture.

Mr. JENNINGS. And they are leasing it for \$500,000 per year?

General O'BRIEN. That is correct; \$500,000 a year is the lease.

Mr. JENNINGS. Is there any agreement between any department of the Government to finance that operation of General Motors there, or to guarantee General Motors against loss from the operation?

General O'BRIEN. I do not believe so, sir. We, of course, check all these agreements. In other words, we coordinate these industrial and commercial leases with the Reconstruction Finance Corporation, the Surplus Property Board, and the Department of Justice under the provisions of the Surplus Property Act, although these plants are not surplus, we do get the approval of all three in connection with, or at least did get the approval of all three in connection with the leasing of this particular plant.

Mr. JENNINGS. Of course, if you did not make that sort of a lease that plant would simply stand there in idleness?

General O'BRIEN. More than that. It would cost us, I should imagine, anywhere from \$90,000 to \$180,000 a year to just maintain the plant.

Mr. JENNINGS. You would have to have caretakers there, I suppose?

General O'BRIEN. Caretaker's and maintenancemen.

Mr. JENNINGS. Maintenance crews of various kinds.

General O'BRIEN. That is correct. We would have to have adequate maintenance crews.

Mr. JENNINGS. You made some reference to the matter of relocating utilities located on military properties. I wonder if you could explain that a little further.

General O'BRIEN. Yes. There is one other phase, as I said, of the disposal features of the Second War Powers Act which we would like to have retained, and that was touched upon, incidentally, by the

Navy's representative. This has to do with the retention of highways and other facilities in connection with certain actions which have been taken.

Mr. JENNINGS. Just what were they?

General O'BRIEN. For instance, we have moved any number of those where we have interfered with the use of installations being set up by the Army. There are still about 82 of those transfers which involve our taking over the utility lines as such which have necessitated in turn giving them right-of-way over lands which we acquired in which they have installed the facilities. The only authority we have to do that, as I indicated, is under the Second War Powers Act. Inasmuch as most of the physical changes have been made, we feel that we are certainly under considerable obligation to carry out our contractual agreement which involves the transfer of the land we are giving to them.

Mr. JENNINGS. I just wanted to have that matter cleared up. You discussed it a while ago.

Mr. HOBBS. Is it not true also, General O'Brien, that those changes were made for the benefit of the Government?

General O'BRIEN. Entirely, and they were made solely because of the fact that we had to have these facilities for the use of the Government.

Mr. HOBBS. You have not only the obligation of the contractual agreement, but it is a desirable thing also?

General O'BRIEN. That is right. That is correct. And in conclusion, unless you have some further questions, I would like to say that we do not feel we would be greatly handicapped or embarrassed if the acquisition powers in title II were to lapse, but we would very much like to see the continuance of the disposal authority that is now contained in there which vests it in the Secretary of War.

Mr. HOBBS. Thank you very much, General. We are very happy to have you here and are glad to have had your testimony on this subject.

The next witness for the Army is Gen. Andrew F. McIntyre. We are so happy to have you, General.

STATEMENT OF BRIG. GEN. ANDREW F. MCINTYRE, UNITED STATES ARMY

General MCINTYRE. Mr. Chairman and gentlemen of the committee, if I may, I should like to limit my remarks to a brief statement of the reasons why title V of the Second War Powers Act should be extended.

Mr. HOBBS. Would you be kind enough, please, sir, to tell us for the record what part of the Army you represent?

General MCINTYRE. Certainly. My name is Andrew F. McIntyre, brigadier general, United States Army, representing the Transportation Corps.

I wish to speak in regard to the matter of the extension of title V, Second War Powers Act, waiver of navigation and inspection laws. The extension of title V of the Second War Powers Act is considered a necessity, in order that the number of troops returning to the United States from the various theaters may be maintained at not less than the rate now prevailing.

Permitting the subject act to expire or lapse will bring back into force the laws, rules, and regulations formulated by the International Conventions for Safety at Sea. This will result in reducing the troop-carrying capacity of all vessels in this service very materially.

Many vessels originally constructed for passenger service are now arranged for the transportation of officers, troops, and other Army personnel, in numbers far in excess of the capacity of the lifeboats which it is possible to install, and the difference is made up by use of life floats and life rafts, to provide a buoyancy capacity of from 25 percent to 50 percent in excess of the total number of persons on board the vessel. The law requires lifeboat capacity for every person on board, and the carrying capacity of all passenger troop ships would have to be very materially reduced if the law is to be strictly complied with.

The majority of vessels engaged in movement of troops are freight vessels which have been converted for the transportation of Army personnel, officers and troops, and it would be impossible for these vessels to be continued in such passenger transportation service if waivers were not authorized. Existing laws covering the construction and equipment of passenger vessels are so very different from the requirements covering the construction and equipment of converted freighters that there is no possibility of these latter type vessels being made to comply with passenger-carrying requirements.

Because of the numerous cargo hatches and associated cargo-handling gear, winches, booms, king posts, and so forth, there is insufficient deck space for placing of lifeboats and davit equipment to handle them, to provide lifeboat capacity for all persons on board converted freighters as is normally required for passenger vessels. Sufficient life floats and rafts are carried in addition to lifeboats to provide buoyancy for all persons carried on converted freighters, but not sufficient lifeboats for this purpose. Davit equipment and mechanical means for lowering lifeboats could not be obtained in the quantity required within a period of several months in the future, even if deck space could be made available for their installation, which is impracticable.

It would be impracticable for watertight subdivisions and bulk-heading of troop carrying freighters to be made to meet passenger-vessel requirements.

The watertight door installations could not be made to meet passenger-vessel requirements without very extensive and expensive modification, involving long periods out of operation.

Submersible bilge pump installations required for passenger vessels would be impracticable, as such equipment could not be provided for many months.

Emergency generator equipments would have to be materially enlarged if passenger-ship requirements were to be complied with, and such equipment could not be made available for many months in the future, sufficient to meet the needs, thus involving long periods out of operation.

Fire-resisting bulkheads, as required in passenger vessels, do not exist in the converted freighters, and delays incident to complying with passenger-ship requirements would make the converted freighters inoperative for extended periods.

The same remarks apply to fire-detecting systems, general-alarm systems, and automatic-sprinkling systems that would be required on converted vessels to make them comply with passenger-ship requirements.

Fire protection for fire rooms and engine-room bilges would require equipment that would not be available for several months in the future if passenger-ship requirements were to be fully met.

Examples of troop lift permitted under the act follow :

The Liberty ship *Jane Addams*, constructed as a freight vessel, was certificated on July 10, 1945, as such, for a total of 68 persons. This vessel was converted to a troop-passenger vessel, and permitted to carry a total of 1,943 persons under a waiver issued July 27, 1945. About 12 Liberty-type vessels have been converted for this large capacity.

About 200 of the Liberty-type vessels have been converted for approximately 784 persons under title V. This capacity would be limited to 12 plus crew if extension of title V is not made.

The *Cody Victory* was certificated January 22, 1945, as a freight vessel to carry a total of 86 persons. This vessel was later converted to a troop-carrying vessel, and was permitted to carry a total of 2,044 persons under a waiver issued October 5, 1945, at Baltimore, Md.

The *E. B. Alexander*, an Army-owned transport constructed as a passenger vessel, was certified for a total of 1,660 persons. This vessel was inspected July 12, 1945, and was permitted, under waivers, to carry a total of 5,626 persons, including crew.

The above examples clearly show the benefits of waivers to the service and the need for an extension of title V of the Second War Powers Act suspending the navigation and inspection laws. Should the act be terminated, the troop lift of the classes of vessels indicated above will be reduced as follows :

About 12 Liberty ships having full conversion from approximately 1,943 each to 68 each, including crew of 56.

About 200 Liberty ships having limited conversion from approximately 784 each to 68 each, including crew of 56.

About 100 Victory ships from approximately 2,044 each to 86 each, including crew of 74.

For example, Army transport *Alexander* from approximately 5,626 to 1,660, including crew of 358.

To comply with the present United States Laws and Rules of the International Conventions would entail complete reconstruction of a large number of vessels in the service which would create a chaotic condition in our repair shipyards, far in excess of the conditions existing during the original conversions for taking troops to the various theaters of operation. Further, this would entail tremendous cost, and excessive loss of time in returning vessels to participation in the re-deployment program.

MR. JENNINGS. I should like to ask you a question about these safety devices. In other words, you have safety devices, to use the general term, which would take care of the men, is that right, while they are being transported on these ships?

GENERAL MCINTYRE. That is right; safety devices which have been adopted which will take care of from 25 percent to 50 percent greater capacity than the ships are permitted to carry, but those safety de-

vices are not in all cases lifeboats to the extent required by the National Convention, but as I have pointed out, they are such safety devices as will take care of the greater number of people that the ship carries.

Mr. JENNINGS. About how many people do you carry on these ships?

General MCINTYRE. Congressman, it varies, of course, with the type of vessel. The table that I gave you indicates the relative number that they will carry.

I might make the comment that these 12 Liberty ships having full conversion, 200 Liberty ships having limited conversion, 100 Victory ships, and the Army transports, all together, they have transported so far 385,204 men which otherwise they would not have been able to move. I think that is a rather impressive figure, and you can see what would be lost in trying to bring the Army back home if we had to do this.

Mr. JENNINGS. Are those ships which you have mentioned there now employed in the transportation of troops back to this country?

General MCINTYRE. They are presently so employed; that is right.

Mr. HANCOCK. How much longer do you think it will be necessary to use these converted freighters?

General MCINTYRE. It is going to be some time. I should say that a fair estimate would be at least 8 months, but considering the increased capacity of the freighter ships it might not be as much as a year. It applies to both types, you see. There is a steady effort being made to bring these men back quickly.

Mr. HOBBS. If the forces of occupation in various centers abroad could continue for any great length of time do we have any other means of transportation that would be more economical, or will we not have to use these for that purpose?

General MCINTYRE. We shall, at least have to use passenger-carrying troop ships. These ships that we developed as troop transports possibly—not the freight ships—after the next 8 months to a year. It may be necessary in the expeditious movement of troops to extend their capacity which probably could be arranged by legislative action.

Mr. HOBBS. Are there any further questions?

Mr. HANCOCK. I should like to ask this question: General McIntyre—and this has reference to this tremendous increase in letters that we are getting from distracted fathers and mothers as to why their sons are not being returned from overseas—can you give us some idea as to how fast they are coming back now, and what the prospects are for the future?

General MCINTYRE. Yes. From 400,000 to 500,000 have been returned to the United States in excess of the estimates that we made originally after the cessation of hostilities in Europe. We brought into the east coast, as a matter of information, during the month of June, approximately 280,000 troops. I will give you our figures and estimates for the succeeding months: July, 355,000; August, 421,000; September, 372,000; and the figure for October will run between 475,000 and 500,000—returning to the east coast. The prediction for November is 500,000 coming into our east-coast ports. We hope now to be able to do that well or a little better in December, and the peak will commence to run up, and we will start on the downward side of

the grade in January, probably finishing up a month or 6 weeks ahead of our original plan. That is the way it looks right now.

Mr. HANCOCK. Can you give us the figures for the west coast?

General MCINTYRE. The west coast, in June, that was the return of casualties and others, because the war was still on, 30,000; July, 35,000; August, 40,000; September, 70,000; October, I have a figure, and I think that figure will go from between 120,000 to 125,000. The projection for the month of November is 175,000. Beyond that I do not have the figures, sir.

Mr. HANCOCK. Does it include the Air Transport also?

General MCINTYRE. Yes; that includes the Army Transport Command figure also.

Mr. HANCOCK. Those are very small, comparatively, are they not, as compared with the figures on the east coast?

General MCINTYRE. Yes; it is still a small figure. Of course, the distances are so much greater, the dispersal so wide, and the war, of course, has not been over very long in the west.

Mr. HANCOCK. Thank you very much. I wanted to have that information.

Mr. HOBBS. Any further questions? General, we are very pleased to have you with us, sir, and appreciate the information you have given us.

STATEMENT OF COL. CARL H. PFORZHEIMER, JR., UNITED STATES ARMY

Colonel PFORZHEIMER. Mr. Chairman, General Richards was prevented from being here by virtue of his appearance before a Senate committee, and he has asked me to make a statement in his behalf.

This appearance by the War Department results from the present form of House Concurrent Resolution 84, which, if enacted, would repeal, among others, title XI, of the Second War Powers Act of 1942. The interest of the War Department in title XI, entitled "Acceptance of Conditional Gifts to Further the War Program," centers in its authorization to the Secretary of the Treasury to accept or reject, on behalf of the United States, any gift, money, or services made on condition that it be used for a particular war purpose and to allocate the money to such of the various appropriations available for the purchase of war material and the furtherance of the war program of the United States as will best effectuate the intent of the donors.

This authority has been of material value to the Military Establishment and the War Department has relied upon it as the basis for arrangements under which it is anticipated that additional amounts will be provided and military personnel will continue to receive services, concessions, and other material benefits. In some cases the continuation of the benefits would be subject to question in the event title XI were repealed.

The War Department has received allocations, during fiscal years 1944, 1945, and 1946 to date, in excess of \$37,300,000 under title XI which have included provisions for such purposes as extensions to hospitals, blood-transfusion apparatus, supplies and hospital cars, airplanes, parachutes, life rafts, oxygen masks, ambulances, jeeps,

X-ray units, mobile dental laboratories, typewriters for blind patients, iron lungs, gymnasium facilities and equipment, radio program distribution systems, athletic equipment, books, recreation activities and for other purposes determined to be necessary to alleviate situations which our soldiers have encountered in connection with their service.

Earlier there was mentioned a figure of \$37,300,000. Of this amount, a certain portion represents the various items cited such as the hospital cars, airplanes, X-ray units, and special recreational supplies and facilities. The balance represents the dollar countervalue of French francs already placed at the disposal of the United States Government by the Government of France. It should be noted that it is under the provisions of title XI of the Second War Powers Act that the United States is currently accepting from the Government of France certain amounts of French francs which are being used, for an issuance of adjusted francs at the rate of 850 francs per month to members of the armed forces of the United States permanently stationed in France and payments of 850 francs to certain other members of the armed forces of the United States arriving in France from permanent stations outside of France to ameliorate the condition arising out of the existing rate of exchange; that is, the purchasing power of American military personnel in France is being adjusted to compensate for a difficult rate of exchange.

Under the present arrangements between the War and Treasury Departments, termination of receipts of these adjustment francs automatically terminates their issuance to the members of the armed forces in France. In view of the general satisfaction expressed by members of the United States armed forces in France with regard to the foregoing arrangements, it would be unfortunate if doubt is cast on the authority to accept these French francs.

In addition to the substantial dollar countervalue already received in francs from the French Government, there remains available to the United States Government, under the terms of the recently negotiated agreement with France, approximately twice as much again which have not yet been received from the French Government.

Should your committee desire further details of the steps taken for the benefit of the members of the United States armed forces in France, reference is made to a statement recently provided Mr. Anderson, of California, which he included in a report in the Congressional Record of October 16, saying:

In the spring of 1945, M. Rene Pleven, French Minister of Finance and National Economy, at meetings held with the Secretary of the Treasury, conferred with representatives of the United States War and Treasury Departments to consider the problems which had been of concern to the United States Government relative to the general welfare and purchasing power of members of the armed forces of the United States. At that time, an agreement was reached on the broad principles of a program intended to provide more entertainment facilities, greater availability of nonrationed goods on special terms, and some special mechanism for generally improving the purchasing power of members of the armed forces of the United States in France. It was further agreed that the War and Treasury Departments would appoint representatives to work out the details of the program in Paris, in cooperation with the American forces in France and with the French Government.

As a result of these negotiations conducted in Paris by representatives of the War Department General Staff and the Treasury Department, the Government of France has put into operation the following program:

In order directly to increase the purchasing power of the members of the armed forces of the United States in France, the French Government placed at the disposal of the American Government a substantial number of francs for distribution to members of the armed forces of the United States. The distribution of these francs being accomplished as follows: 850 francs per month on each pay day for those who are permanently stationed in France; 850 francs upon entering France for those who come from outside of France and are on leave in France; 850 francs to any individual arriving in any staging or assembly area in France from a unit outside of France; 850 francs to any officer who arrives in France on temporary duty, under competent orders, exceeding 11 days, but such officer will not be eligible for another issuance of 850 francs until he has accumulated 30 days' temporary duty in France; 850 francs to any enlisted man who comes into France on temporary duty, but such enlisted man will not be eligible for another issuance of 850 francs until he has accumulated 30 days' temporary duty in France.

Substantial price reductions, ranging from 9 to 40 percent, on articles made in France sold at the Army post exchange; entertainment and refreshments at greatly reduced prices at centers already opened or to be opened with French Government cooperation; price reductions ranging from 11 to 42 percent on gifts purchased in French shops when exported to an address outside France by the soldier purchaser; and, at no cost to members of the armed forces of the United States, conducted tours to many places of historic and scenic interest in France, starting from the major leave or assembly areas. A partial refund of the prices paid, prior to the agreements, for local purchases in France by the Army's Exchange Service will be made to the Army Central Welfare Fund.

Distribution of the adjustment francs went into effect at the end of August when all other features of the above program were already in active operation in certain sections in France and were being actively expanded.

It is therefore urged that so much of the resolution as reads "XI" be omitted. If, however, the repeal of title XI is ultimately determined to be necessary, as an alternative it is suggested by the War Department that the following be added to the text of the resolution:

Provided, That the repeal of title XI shall not be construed as invalidating existing agreements which benefit military and naval personnel.

Thank you, Mr. Chairman and gentlemen of the committee.

Mr. HOBBS. Mr. Feighan desires to ask you a question at this time, Colonel Pforzheimer.

Mr. FEIGHAN. Colonel Pforzheimer, it was hardly contemplated by the drafters of title XI of this act to provide expenditures of money from France for payment to our soldiers? It seems to me that it is indeed a heavy strain on the interpretation of title XI of this act to receive money from France for the purpose of giving it to our soldiers in order to bolster up the French franc. Will you comment on that?

Colonel PFORZHEIMER. The adjustment francs which we have discussed here are considered by the Secretary of the Treasury in their allocation to the Secretary of War as an additional aid to further the war program which, as I understand it, was among the purposes of title XI of the Second War Powers Act.

Mr. JENNINGS. Does that not take care of the loss the soldiers have to undergo due to the exchange rates? There was great complaint that the soldiers were getting \$50 and when he changed it into francs he was losing money. These francs that he got did not represent the purchasing value or purchasing power that others enjoyed by virtue of their ability to go out and get more francs for \$50 than the soldier was able to get for his.

Colonel PFORZHEIMER. Unquestionably it was an assistance to him in that regard.

Mr. FEIGHAN. It is an artificial method of trying to stabilize the franc.

Mr. HANCOCK. It had no relation to the intent of Congress. In that connection, I think that the Constitution of the United States had very little relation to the primary laws, and they were not in contemplation by those who drew the Constitution of the United States. Yet, when they became a part of the machinery of a State by which Members of Congress were selected or nominated or enabled to come up here, although that was not contemplated in the Constitution in that manner, nevertheless that would come within the purview of the broad intent of the Constitution, it was held in many quarters. In other words, if we can get something out of these people over there, in view of what they are getting out of it, I think we are doing pretty well. Those little payments help at least a little bit. Certainly, the soldier abroad, when he changes his \$50 into French francs at an arbitrary rate, why, if they want to make up the difference so that he can get what somebody can take \$50 and go out and get through other sources, why, it looks to me like it is a good thing.

Colonel PFORZHEIMER. Your premise is quite correct, sir. The intent is certainly to ameliorate the condition which has been prejudicial to the purchasing power of our American military personnel over there, and is designed to compensate them for what is otherwise a severe handicap.

Mr. HOBBS. Colonel Pforzheimer, may I call your attention to a point that you may be thinking about. There is nothing contemplated in regard to repealing title XI. It will expire by operation of its own terms, that is, by the very act of which it is a part. Therefore, your amendment would not be exactly appropriate. Would you be good enough, please, to give us General Richards' name and initials?

Colonel PFORZHEIMER. Maj. Gen. George J. Richards. I regret that he could not be here today. My statement is addressed primarily to House Concurrent Resolution 84 which does provide for a quick death to title XI.

Mr. HOBBS. Thank you very much, Colonel Pforzheimer. We are very glad that you have come.

Capt. MYRON H. AVERY. Mr. Chairman, in response to your request, I will say that I am the chief admiralty officer, Office of Judge Advocate General, War Department, room 2327, Navy Building, telephone Republic 7400, branch 2575.

Mr. KLAGSBRUNN. And Hans A. Klagsbrunn, Deputy Director, Office of War Mobilization and Reconversion, White House, extension 180; and I might also enter the name of Thomas I. Emerson, general counsel, War Agencies, Republic 7500, extension 2417.

General MCINTYRE. My phone is Republic 7500, extension 4959.

Mr. HOBBS. Mr. Small, we are very glad to have you with us.

STATEMENT OF JOHN D. SMALL, CHIEF OF STAFF OF WAR PRODUCTION BOARD, WASHINGTON, D. C.

Mr. SMALL. Mr. Chairman, my name is John D. Small; I am located at room 5063, Social Security Building, Washington, D. C., Republic 7500, extension 3394.

I understand Mr. Snyder has outlined to you this morning the need for an extension beyond the end of the year of title III of the Second War Powers Act.

Title III is the authority under which the WPB has exercised the priorities and allocations functions during the war. I believe the most helpful thing I can do will be to explain to you the functions which we are still carrying on under this authority and point out those for which we anticipate there will still be a need after the end of the year. I might say, incidentally, that I have been designated by the President as Administrator of the Civilian Production Administration, which will take over the functions of the War Production Board on November 3.

Last spring just before and after VE-day we in the WPB were under considerable pressure from certain segments of industry to continue many of our controls, on the theory that it would cause endless confusion and retard reconversion if we took them off. We did not agree with them. It was our opinion then, as it is now, that reconversion would be best aided by a lifting of control orders as rapidly as it could be safely done.

I might say that, frankly, when Mr. Krug came in as Chairman of the War Production Board, he announced his policy was to lift the controls as rapidly as we could safely do so. We had all of the controls, of which there were 700 at that time, under definite and continuous review, and the policy of the Board was to lift those controls as rapidly as we could. We were under considerable pressure from industry to hold onto the controls. They found it to their advantage to hold onto the controls. They said if we lifted the controls, many of them—not universally—but many of them thought it would cause confusion and retard reconversion, and that we would be much better off to hold onto the controls. The best plan, in our opinion, was to do the contrary, and the results that we have achieved, I think, show that we were right. From VE-day to VJ-day we actually were reconverting right along, and reconversion was running along very well, indeed, and we did not have any confusion, and we were not having the results that the prophets of disorder had believed would follow. The lifting of the controls did make it easier for industries to get back rolling again. We followed this policy, and I think the results have demonstrated that we were right. I should like to read a paragraph from Mr. Krug's report on war production and reconversion, of May 19, 1945. [Reading:]

Desirable though it may be to attempt to prevent temporary economic dislocations, the experience of those who have lived with these controls during the war clearly dictates that the controls are not suited to that job. Moreover, reason and history indicate that in any readjustment from a war to a peace time economy, temporary dislocations are inevitable. We must not be stampeded by such dislocations into elaborate controls or special dispensations. Our economy is a jigsaw pattern of interlocking buyers and sellers, producers and consumers. The pieces of the jigsaw will move into place best if we give people scope and leeway—with a minimum of rules, regulations, and production controls.

That may sound like a strange statement for me to read when I am here discussing a possible extension of our statutory authority, but I do not believe it is. Our thinking is the same today as it was in May 1945 or as it was last fall.

Early last spring the WPB had outstanding about 650 basic orders and schedules. The production and distribution machinery of the

United States was pretty well enmeshed with our controls in order to assure the flow of materials to military and essential civilian needs. By the end of May, shortly after VE-day, approximately 200 of these basic orders and schedules had been lifted. By the end of August, after the Japanese had surrendered, another 300 orders had been lifted, and by the 1st of November we will have outstanding less than 75 orders and schedules.

I might say there that those orders and schedules have to do with a number of things, particularly scarce materials. We have 20 having to do with textiles, and 5 or 6 having to do with tin. I can go over the individual orders with you that we will have in effect after the end of November, if you like, and explain each one, and I will explain the reason for some you mentioned this morning. Mr. Chairman, you wanted specific information as to tin and crude rubber. I can give you the general picture of tin and crude rubber. I can give specific reports which will give you information which is up to date, and which we keep currently up to date as to the supply and demand situation, as we see it. If you like, I can have the experts for those particular materials, or any other materials on which we retain controls brought here to talk to you. Those men are always at your disposal.

As to tin, I think you will be interested to know that the stock pile is pretty low. If we permitted unrestricted use of tin, we would be completely out of tin within a very few months. As it is, as long as we can substantially space the supplies of tin coming in, we can spread it out that much more carefully. However, if we were only to take the rather substantial supplies of tin coming, and let that go unrestricted, we would be out by 1946. On the other side, the amount of tin uncovered so far has been extremely small. We had expected to find a great deal in Japan. It may be there, but the Army has not found it so far. We have uncovered some tin down in Malaya, which is not the quality we need, and we will have to resmelt it. We will endeavor to get it back, but the amount of tin we see in sight as of today is not encouraging enough to permit us starting to release the amount of tin we have on hand today. As the months go by, and the weeks go by, in fact, and we uncover more tin we will probably relax the order having to do with the end use of tin.

Mr. HOBBS. Before you leave tin, let me interject this question: Do you think the tin monopoly is depressing the volume of tin that you can get?

Mr. SMALL. Over our dead bodies. I am convinced that we are getting and will continue to get our fair share, and perhaps more than that. We have Mr. Batt, and I think you know Mr. Batt.

Mr. HOBBS. Yes; we do know Mr. Batt.

Mr. SMALL. He is chairman of the Tin Committee, and in very close touch with that situation. I am sure that he would be glad to appear and bring you information, and if you would care to go into that in detail, into the facts of it, I believe he is your man. I am convinced that we are getting our fair share of the tin, and will continue to.

Mr. HOBBS. What I do not understand is why the sources of tin in this country have not been exploited, have not been evaluated and put into active production by our Government. I do mean that we should go all out for it, but it seems to me that we ought not to be

satisfied with either the tin or the nickel situation. I do not think that we ought to remain under the sway of this monopoly or these monopolies in the case of the two metals, and we know we have in this country sources of tin and nickel, for that matter. The nickel supply under our flag is even greater than tin, and yet we cannot mine a single ton of it. It is a bad situation, as some of us see it. I cannot understand why we should not engage in and encourage local production. I just wondered if you were satisfied with that situation.

Mr. SMALL. On tin, I think I can say yes, I am as far as my own knowledge goes; I am not an expert on tin, but I know something about it. If you like I will be glad to have the report given to you on the domestic potential of tin. So far as domestic production of tin ore, you mean, would produce practically no tin, as I understand it. In other words, if we were to rely on the domestic production of tin ore, it would produce practically no tin at all. We are getting all we can get out of Bolivia, and we are getting all we can get within any country that is known to have tin, and it is not under the monopoly to that extent.

Mr. HOBBS. But as to that, Mr. Small, with all due deference, you are basing your statement upon incorrect information, so far as my firm belief goes. I am not an expert on it either, but I know in our great Middle West and Far West there is plenty of low-grade tin that is sweet ore, whereas Bolivian tin is sour ore, and has to be further refined. We can, I believe, compete with Bolivian ore in our tin-producing area if given the opportunity. I was just wondering, since we are always talking about the shortage of tin, why we do not encourage our domestic production.

Mr. SMALL. We have set up, as you probably know, a tin smelter in this country. In fact I believe this is almost the first time we have ever had a tin smelter over in this country. We are getting ore, low-grade ore, from some of the countries and as much high-grade ore as we can.

Mr. HOBBS. That tin smelter is in Texas, is it not?

Mr. SMALL. That is right. So far as I know there are no utilizations being made of American ore; they are not able to use American ore. Our people in the War Production Board and the mining people in the Mining Division are certainly not concerned with the Dutch-British tin monopoly, and I can assure you that they are very patriotic citizens.

Mr. HOBBS. I am not impugning anybody's loyalty. I am simply saying that I think that the tin monopoly has got some mighty good men fooled very much. I know that is true as far as nickel is concerned.

Mr. SMALL. We have made a little progress on nickel. There is some in Cuba, which is an ore which constitutes an ace in the hole if we need it.

Mr. HOBBS. We have not made use of the tin of our own new deposits, and we have a great deal of tin in our own deposits which could be taken out, but due to this monopoly apparently it is not being done. We dare not do so, these boys play for keeps, and they will kill you. We just knuckle right under, when we have an army to protect our tin deposits, and allow our citizens to work them. If we need the nickel, and we certainly do, and you know we have no control whatsoever, but that is being run from another nation.

Mr. SMALL. Of course, International Nickel, Canada, we get our main supply of nickel there. As you say, this is a situation that gives us trouble. It has troubled us for the last 4 years—it has certainly troubled me, and I am not a metal man.

Mr. HOBBS. I do not for a moment doubt the loyalty of any man in your organization or, as far as that is concerned, in our Government, but I certainly believe that we ought to have some stock-piling going on of our own, not only nickel and tin, but these other metals. And you take, for instance, nonmetallic substances such as graphite, there is no reason in the world, as I see it, why graphite is not being produced here. We had the largest graphite plant in the world built at Government expense, and it shut down the minute that we were able to get graphite from Vichy controlled Madagascar and Ceylon. That is just another one. It does not make any sense to us, Uncle Sam has great need for these things, and we get behind, and any time there is a war cloud, gentlemen, over the horizon, there is immediately a shedding of tears, and then thousands and thousands of dollars spent for graphite production, and then we cut it off just like that, the very minute that the Madagascar and Ceylon operations go back into production.

Mr. HANCOCK. Perhaps we need some tariff protection.

Mr. HOBBS. That would not be necessary. As far as I am concerned, we have taken it up with the Tariff Commission time and time again, I have myself, and they are with me. I would say I did not intend to make any extended remarks on the subject, but we ought to take advantage of what production has been given to us in this country and develop it against the time when we are going to need it very much. This is a changing world, and we know it changes very rapidly sometimes.

Mr. SMALL. These things that you talk about have been fought up one side and down the other for the past 4 years, as you know, and the pros and the cons as to the facts, if those are the facts, are in the record. If you would like, I would be glad to give you a copy of the facts, as we have seen them in the War Production Board.

Mr. HOBBS. I would appreciate it very much on all of these items to which reference has been made, and so would this committee. Will you do so?

Mr. SMALL. Yes. We would like to give you the picture as we have seen it over a period of 4 years.

Mr. HOBBS. We shall appreciate that very much.

Mr. SMALL. I will see that you get it.

The timing of removal of the individual controls has been the result of careful study by our experienced men attempting to appraise in advance the effects of the removal of particular orders, taking into account the supply and demand situation for the materials involved. We have had committees studying these problems and working with the other interested agencies since the summer of 1944, so that when VE-day and VJ-day arrived we were prepared to take the action which seemed to us appropriate.

The timing of the lifting of controls is extremely important. We cannot wait for reconversion to be effectuated if reconversion is not to be retarded—we cannot wait until you have absolute guaranties that everything is in good shape. You have to anticipate to a certain degree that everything will be in good shape, and let the man plan

to go ahead. In other words, when we lifted the automobile-production order, we did not have the sheet steel, but we knew that by the time we could get that production, we believed that we would have sheet steel.

Mr. FELLOWS. Of course, there will be plenty of time for them to get it now?

Mr. SMALL. Unfortunately, it looks that way.

Between VE-day and VJ-day, as rapidly as military orders were canceled, facilities were converted to civilian production, and raw materials were quickly diverted to civilian uses. Reconversion was proceeding at a rapid rate and increasing supplies of most materials and products made it appear that only a few remaining controls would be needed beyond the end of the year, such things as tin, crude rubber, and so forth. Since VJ-day, however, there has been a definite slowing down in the reconversion process, and numerous uncertainties in the picture make it impossible for me to predict just how far beyond the first of the year some of these controls will be needed if we are to avoid additional serious dislocations in our economy. The coal strike alone has had a very serious effect on steel. Steel dominates the industry; it means that we slow down everybody because steel dominates all industry in the country. We simply did not have the steel and do not have the steel today that we expected to have, and it is most unfortunate.

While reconversion is under way, therefore, and in some cases is moving very smoothly, we are not yet by any means wholly out of the woods on materials shortages. It is for this reason that we still retain certain controls and believe that a few of them, out of the many hundreds which we had during active hostilities, should be continued beyond the end of the year. That the Congress may be best able to determine whether this authority should be continued, I will explain briefly the controls we now have and the types of purposes for which they may be needed into 1946. Speaking for our agency, now the War Production Board, later to be the Civilian Production Administration, we would propose in no case to exercise such authority beyond the time during which the need is clearly evident and furthermore to exercise it as sparingly as possible. That is our policy today; that is the policy we have to follow.

Now let me try to outline the purposes for which we believe the Civilian Production Administration may need to exercise the powers granted by the Second War Powers Act.

Assurance of military supplies: While the volume of military procurement is now extremely small, compared with its pre-VJ-day level, there are still considerable requirements for our forces of occupation overseas and for servicemen pending demobilization. It is of first importance that there be no delay in the continued supply of these needs. While in most cases no trouble is now experienced in obtaining them on the open market, it would seem desirable that the priorities authority be maintained in reserve to make certain of their fulfillment.

Executive order of the President: The Executive order of October 4, which established the Civilian Production Administration, sets forth six general purposes: Expand the production of materials which are in short supply, and, therefore, are reconversion bottlenecks; limit the manufacture of products for which materials or facilities are

insufficient; control the accumulation of inventories so as to avoid speculative hoarding and unbalanced distribution which would curtail total production; grant priority assistance to break bottlenecks which would impede the reconversion process; facilitate the fulfillment of relief and other essential export programs; allocate scarce materials and facilities necessary for the production of low-priced items essential to the continued success of the stabilization program of the Federal Government.

I want to take these up in order and illustrate under each heading some of the problems which we now have and some which will still exist after January 1, 1946.

Expand production of materials in short supply: This is the type of activity through which the Civilian Production Administration can make its greatest contribution to rapid reconversion and the termination of all wartime controls. As has been frequently stated, all-out production is the quickest way to end the necessity not only for our controls, but for price controls as well. Production is a cure for inflation; it is a cure for most of the troubles that affect us in this reconversion period. Certain bottleneck materials, many of them imported, and others domestically produced but now scarce because of conditions arising out of the war, will be the limiting factors in increasing industrial production rapidly to all-out levels. Here are some examples:

Tin: This essential is entirely imported, and is needed not only for food preservation in tin cans, but also in small but vital quantities in every variety of reconversion production. We needed quite large quantities of it in solder and in brasses and bronzes; it permeates the whole industry, and possibly has a wider distribution throughout industry than has any other mineral except steel. Speedy restoration of normal supplies is dependent on delivery of equipment items, many of which have very long production cycles. By a vigorous expediting campaign, including the judicious use of priorities authority, we have diverted into tin mining such standardized items as power shovels and tractors, and we hope to speed up the delivery of heavy dredges by 7 or 8 months from the original schedule which ran through June 1947. In the building of these dredges we run into bottlenecks. They cannot get a pump or a piece of tubing or some other thing. We are able to step in and get the bottlenecks cleared away. In that way we are able to save a great deal of time, and assure that these dredges are going to be built which otherwise would be delayed almost indefinitely.

Mr. HOBBS. All of these are abroad?

Mr. SMALL. That is right. They are going down into Malaya and into that general area in which tin is produced.

Mr. HOBBS. But the central point is, all of them are going abroad? We are building big dredges so that they can get out the tin abroad, and yet we are doing absolutely nothing about getting tin out in our own country.

Mr. SMALL. It is correct that these tin dredges are going abroad. In this type of program, it is impossible to predict the specific bottlenecks which may delay the entire job. We have overcome troubles so far with clutches, with 50-cycle motors, with electric welders, and with many other types of materials and components. There will be others as they build these other typical pieces of equipment.

Building materials: The 1946 construction program, especially in housing, is looked upon to play a major part in providing full employment and a demand for many types of equipment and supplies. The rate at which construction can be speeded up depends in large measure on achieving increased supplies of such materials as bricks, structural clay tile, clay sewer pipe, cast-iron soil pipe, and lumber. While manpower is the main problem in increasing these supplies, situations often arise in which speedier delivery of equipment can substantially improve the production picture. If we do not get the tires in there on time, the trucks that we need and they need to do the work, the heavy-duty trucks in there on time, and ahead of other people, we would be losing the heavy lumber production today—we are not getting very much today, in fact. The assurance of adequate truck and tire supplies in the forests, for example, is an important element in full lumber production. We are keeping a close watch on these industries, and feel it essential that we be in a position, if necessary, to speed up equipment deliveries so that no time is lost in getting them ready to play their full part in the reconversion construction program.

To give you an example of that, the construction is going to be held down by one bottleneck or another. As you cure one bottleneck something else becomes the factor. Brick is a typical example. The brick plants became very dilapidated and run down during the war, because over half of the plants were completely down and are down at this time, and they are not able to produce anywhere near the amount of brick that is required. We have helped 136 brick plants get equipment. We have had to help them because every week counts in getting brick.

Another example is cast-iron soil pipe; there is an almost exactly similar problem there. We had 52 foundries—you know you cannot build a house without cast-iron soil pipe—we had 52 foundries in 1941 and today we have 28 foundries making something less than 200,000 tons, whereas the 52 foundries made about 450,000 tons or more. In order to get those foundries back running, we had to get them whatever equipment they needed, that had to fit them out in order to get them going. They had to be put on a basis whereby they could produce this material. It is essential to getting anything going.

Coal-mining machinery: This is a vital factor in maintaining and expanding output of bituminous coal east of the Mississippi. The shortage of this basic mineral, which has been intensified by the recent strike, threatens supplies of steel and manufactured gas, as well as direct fuel needs for many other industries and the general civilian health and comfort. As a matter of fact, the program that we are following is to increase production of that particular kind of machinery 50 percent above what it was in the first half of the year. That is quite an undertaking in any industry, to increase the production of this complicated type of equipment by 50 percent, and the only way we can do it is by giving them special help as they need it.

Mr. HOBBS. May I inquire as to this, if you are giving them or if you are not giving them financial aid, and whether or not you are giving them any of the financial aid which you gave in experimentally seeking other sources of coal?

Mr. SMALL. On this particular one, for example, all the sources—all the manufacturers at this time of equipment, we have canvassed the plants, and we do not have enough, we want still more coal, and the

greater mechanization we get into the mines, the more coal we will get.

Mr. HOBBS. I am asking about the sources of the coal, itself, not of the mining equipment. That was not made through you, I believe, the exploration and development of new sources of coal in this country?

Mr. SMALL. I do not believe that either one of us understand your question, Mr. Chairman, I did not hear it very well.

Mr. HOBBS. I will check into that. I do not recall the recipient of the appropriation that was made. It was made by an Appropriations Committee of the House. I will check into it and communicate with them and with you about it.

Mr. SMALL. When we talk about "help" and when we talk about helping these people I am talking about not financial aid, but we are talking about priorities and the allocation of supplies.

Mr. HOBBS. I know. I was asking you if you knew anything as to the result of the search for new sources of coal.

Mr. SMALL. I am not up to date on that, Mr. Chairman. We have all of that data. I might say that is in the Solid Fuels Administration's purview, and they are the ones within which that jurisdiction would fall, but we know about it also.

Mr. HANCOCK. Has not the Army surplus stocks of coal that ought to be released in numerous camps around the country?

Mr. SMALL. Yes; they may have a few tons here and there, but nothing like the quantities that we know we will need during the coming season, to take care of our economy. The coal that we would have to take care of their camps would be no more than enough to take care of their needs for the winter, and it would be just their regular take. That is one thing that I am not afraid of, the butter stock-piling happening on coal, I am quite sure that they did not have too much. Again, Solid Fuels Administration has that information, although we have it too. Of course, butter was a perishable product and coal is not.

Mr. HOBBS. Just one moment. Mr. Feighan desires to ask you a question.

Mr. FEIGHAN. Specifically, the question I would like to ask you is whether or not any coal is being shipped to Europe.

Mr. SMALL. Yes; we have a commitment on 6,000,000 tons for the year.

Mr. FEIGHAN. For what year is that?

Mr. SMALL. For the year 1945, 6,000,000 tons.

Mr. FEIGHAN. Have you got an idea as to how much has been shipped?

Mr. SMALL. We have not the exact figure at the moment, because that would be under the Solid Fuels Administration, but we can get it for you. We can supply any of the data. The distribution of coal happens to be outside of our jurisdiction, outside of the jurisdiction of our Board, and that is the reason I am not intimately familiar with it.

Mr. HOBBS. Proceed, Mr. Small, with your statement.

Mr. SMALL. We have engaged on an intensive campaign to stimulate the production of specialized underground mining machinery and to assure the supply of tractors and shovels for the highly productive strip-mining operations. This campaign involves priority actions both to speed up machinery production and to channel equipment into the most productive mines. We believe this program should be

continued as long as it can help meet the coal deficit for the coal year ending next April 30.

Streptomycin: This new "wonder drug" conquers many infections which do not respond to penicillin or the sulfa compounds. While its development came too late to permit its use on the battlefield, the lives of hundreds of wounded veterans can be saved if large-scale production can be secured quickly. For many months, the needs for treatment of injured veterans alone will exceed possible production. In full cooperation with the armed services and the pharmaceutical industry, the War Production Board is doing everything possible to expedite completion of new plants for streptomycin production. It has been necessary in a considerable number of instances to divert component and equipment items into this program from less essential uses in order to avoid construction delays of many weeks or months.

In all those cases, our principal reliance is on voluntary action by the industries concerned. On occasion, however, priority action has proved necessary either because the supplier is bound by contracts to less essential customers or because he is unwilling to accept the order. The possession of priority authority, even if it is not used, is often a vital factor in obtaining full voluntary cooperation.

Limit the use of scarce materials: Since VE-day, the War Production Board has eliminated all prohibitions on the production of end products as such. In the case of a few acutely scarce materials, however, it has been and will continue necessary to keep certain limitations on their use. In all cases, these controls are designed to spread available supplies thinly so as to cover all essential uses, and thereby prevent the shortages from stopping reconversion production. Here are some examples:

Tin: Until imported supplies are again fully available, the lifting of controls over the use of tin would result in a rapid dissipation of stocks and a period of dearth in which there would be insufficient supplies either for essential food preservation or for minimum industrial production needs. The present stock pile of about 30,000 tons can be made to last beyond the end of 1946 by careful husbanding and a constant effort to increase imports. Without control, this small stock could be fully dissipated within a few months. Our tin conservation order permits the use of tin wherever it is clearly necessary but prevents wasteful or nonessential use. By prescribing lighter coatings and prohibiting tin plate where it is not needed, we have reduced the use of tin in the canning industry from about 42,000 tons in 1941 to an expected figure of 24,000 tons in 1946. Strict conservation has brought the use of tin in automobiles from almost 4 pounds per car before the war to less than 2 pounds today. As increasing supplies come in from abroad, we will continue the policy of gradual relaxation of this control. It would be dangerous in the extreme to discontinue this control before supplies are adequate.

Lead is another one. I would like to discuss lead now for just a minute. Lead is another material of very widespread use now in short supply. While most of our lead is produced in this country, domestic supplies must be heavily supplemented by imports. The basic uses of lead include storage batteries, ethyl gasoline, paint, cable covering, chemicals, collapsible tubes, bearings, terneplate, free-turning brass, and so forth. The present estimate of 1946 supplies is about 850,000 tons, of which 100,000 tons will be imported. If our present restric-

tions on the use of lead remain in effect, the demand will be 850,000 to 880,000 tons, while if these restrictions were removed the demand would probably rise as high as 1,100,000 tons. Meanwhile, stocks have fallen from a high point at the beginning of 1943 of 276,000 tons to an estimated figure at January 1, 1946, of only 88,000 tons. We can obviously no longer depend on the use of stocks to meet current deficits.

There is no relief in sight until additional new production is available from sources in the Far East, the Mediterranean, and eastern Europe. Mounting European requirements will make imports into this country increasingly difficult, especially as the primary foreign producing areas are not under American control.

As to crude rubber, we are in a very fortunate situation, although synthetic rubber will not work for all things. We have to have some crude rubber.

Before the war we used about 700,000 tons of crude rubber per year. Over in Malaya we have so far uncovered—the figures I might say are not promising, they are not by any manner of means current, and certainly they are not guaranties, because it is coming up every day, but I think so far we have uncovered or we have found about 200,000 tons of crude rubber that the natives took into the interior; they took the rubber and buried it. We have to get the rubber out—first, we have to get the natives to get it out to us. They do not want money, and therefore we cannot just pay them in money, they want trade goods, and textiles, and they want other things, and we must get it and ship it to them if we are going to get the rubber so that they will ship the rubber to us. It is definitely on the basis of an exchange there. They are out of the things that they want, and we want their rubber. We have got to furnish them with the things that they want in the form of trade goods and textiles if they are going to furnish us with the rubber. All we see in sight of new rubber is about 200,000 tons, when the normal use of rubber in this country is about 700,000 tons. We have to have a certain proportion of crude rubber to go into very important things such as heavy-duty truck tires and airplane tires; we can not make those with the synthetic, or with a low proportion of crude rubber in the synthetic.

In connection with this crude rubber, however, I would say that the tremendous new American synthetic rubber industry places us in the happy position of having no problem on total supplies of rubber. However, crude rubber comes wholly from foreign sources and it will take at least a year and probably longer for far eastern supplies to be restored to normal. In 1945 crude rubber imports were only 134,000 long tons, compared with 1,029,000 tons in 1941. Until more nearly normal supplies are available, crude rubber must continue to be allocated to uses for which synthetics cannot serve. Thus heavy truck and bus tires require a high proportion of crude rubber to obtain satisfactory wearing qualities. In other uses, such as passenger tires, the proportion of crude rubber can be made very low without a substantial sacrifice in quality. As imported supplies increase, the controls will be gradually relaxed to permit larger proportions of crude and additional uses. With present uncertainties in the supply areas, especially the Dutch Indies, and with uncertainty as to the precise United States share in future output, the safe date for the abandonment of control cannot yet be predicted. There are a number of other

materials on the short side, and we have to be very careful in connection with them.

Burlap is one of those items. Like tin and nickel, burlap is another material on which this country is wholly dependent on foreign sources. Inadequate supplies of coal and feed in India have seriously curtailed production. Control is exercised to channel the scarce supplies into agricultural bagging in order to prevent the loss of perishable foods. Until the combined supply of burlap and cotton bagging materials becomes adequate, the absence of such control might easily lead to a diversion of this material into furniture, automobiles, rugs, linoleum, and other uses where satisfactory substitutes are easily available.

Other materials now expected to be so scarce after the end of 1945 as to need continuing control over end uses include molasses, cordage fibers, antimony, quinine, and resin. The future outlook on imported materials is especially uncertain. It is not always possible to predict which materials may require such control. Thus, the recent coal strike, curtailing new supplies when stocks were already at an unprecedentedly low level because of the war, necessitated a temporary new control to increase the production of gas utilities of water gas made from coke and oil, and to reduce the utilities' demand for high-volatile coal. This action was part of a cooperative program between WPB and the Solid Fuels Administration designed to protect minimum public utility, transportation, and hospital needs and to get necessary coal stocks to Great Lakes points before the winter season.

Inventory control: Another purpose for which I would suppose the Congress would want the allocation power extended is to permit the continuance of inventory controls to prevent hoarding of preemptive buying of materials during the reconversion period.

It is difficult to say just how long such a control is needed. I am not an economist, but the history as I understand it after the last war, plus the obvious motives on which business operates, would seem to indicate pretty clearly that whenever there is a possibility of higher prices there is an incentive for companies all along the line to stock up on goods which they will need in their operations. You will recall the disastrous cycle of sharp inflation and deflation in the years 1919-21, in which first the accumulation and later the unloading of excessive inventories played an important part. The National Association of Purchasing Agents has reported to us within a month current conditions which appear to threaten a repetition of post-World War I catastrophe. For this reason, I believe that there is a need for inventory controls at this time and that this need will exist beyond the end of the year. The only sure way of making inventory controls unnecessary seems to me to be an increased supply of goods brought about through continued and increased production.

Apart from its general effect on economic stabilization, the hoarding of scarce materials by some producers deprives others of an opportunity to put those materials into employment-creating use. Such hoarding is likely to impinge with particular severity on small business concerns lacking the resources to compete effectively in a buyers' scramble. It has been and will continue to be a major element of War Production Board and Civilian Production Administration policy to minimize such scrambles, hoarding, or preemptive buying.

We have consolidated our manufacturing inventory limitations in a single document, priorities regulation 32, which is reviewed semi-monthly to remove from control materials no longer scarce and to tighten control on other materials where needed. We also expect to consolidate and strengthen existing inventory controls over distributors. Enforcement of these controls will be the principal responsibility of our field compliance force of 350 men.

The inventory controls are certainly one of the most important controls that we now have, on the things that are still tight, and they are relatively few compared to the total number of items used in industry, but those even that are still tight, where we have enough supply—sometimes it is spread very thinly, but it will take care of the immediate needs of reconversion—whereas if it were spread unevenly it would not do so. As we pass on up in production and get more in, it will take care of the needs of expanding reconversion, but this is one of the conditions where we have to play very close to the belts of inventory. If they even increased their inventory, for instance, by 25 percent on the average, we would not have enough to take care of the needs of reconversion. A terrific artificial shortage would be thereby created and the inventory controls which we have instituted hold that down on these tight materials either to specific inventory limitations in terms of days, or immediate practical work, and inventories for the material. If the material becomes tighter and tighter we tighten up on inventory controls even more. If it becomes more adequate in supply, then we put those materials on a new listing, putting them on our exempt list so that you could buy as much as you wish. You can play it like an accordion. If you do not have it and if we had not done that we would have had all sorts of hoarding, not necessarily speculative hoarding at this particular time, but hoarding seeking to build up enough supply to be sure that they will be able to meet the demands of their production. Right at this moment we do not have enough to permit that in many things. As the months go by and the shortages clear up through increased production and increased import, the need for the inventory controls will diminish, but it is very strong as a method against inflation at this time. If we were to do as we did after the last war, when they had a lot of speculative buying in the hopes of a price rise, we would have shortages such as were then permitted. All of industry would be affected, and it would be slowed down, and ultimately almost stopped if those shortages were not corrected. Speculative buying and speculative hoarding is something that we have to guard against in this transition period.

Through inventory controls we prevent preemptive buying, and we stop that sort of thing. I cannot impress on the committee too strongly the need for the inventory controls, and the dangers to our present economy, over the short-haul period if we do not have that type of protection. Obviously, if a man is holding up and tying up materials more than he can need, he is creating unemployment, because employment in some other factory which could be given if they had those materials is thereby denied. In that way thousands of men ultimately would be out of work, and it would grow like a snowball.

Mr. FELLOWS. Then these boys would like for you to keep this on forever?

Mr. SMALL. I do not know what they might want but I know I am the greatest protagonist of a free economy that I know of around this city.

Mr. FELLOWS. I am not questioning that, but there are those that are protagonists of a planned economy, and those plans that you are talking about, and the controls, extending them to those others, and all of these other things, is certainly a part of that scheme; are they not?

Mr. SMALL. No; I think it is a question of timing entirely. This is transitory, and it should pass out of the picture just as soon as it is not needed any longer.

Mr. FELLOWS. As I say, they would like to have, say these people, a thing like this stay in forever.

Mr. SMALL. Perhaps they would, but I would not.

Mr. FELLOWS. They would. Certainly, that would be a part of their scheme?

Mr. SMALL. To be quite honest and quite sincere, I do not know of any such scheme, but there are people that think that way.

Mr. FELLOWS. A scheme starts between the ears, and I mean such a scheme is between the ears of certain people today.

Mr. SMALL. Oh, I see your point. There is no doubt about that. There are people that have that thought, and many of them. However, I do not share it, and those in my organization certainly to my knowledge do not share it. If they did, they would not find me very sympathetic, because my belief is entirely to the contrary.

Mr. FELLOWS. There are many other people, including the President, and Mr. Snyder this morning, and as you have presented us the policy of the War Production Board that feel one way, but there are other people that do not think that particular way.

Mr. SMALL. Of course, we cannot set up any prohibitions on their thinking, but we can set up some very definite ways in which this thing is going to be done, and it certainly would not include anything like that.

Mr. FEIGHAN. That is one of the possibilities that exists, does it not?

Mr. SMALL. We will probably always have dreamers and people who have impractical ideas, and who misconstrue the needs of the moment for the needs of the long pull. If a person is sick you would give him medicine, and perhaps very strong medicine, but you would not continue that all the days of his life. You would do it only until the emergency is over. Therefore I say this is strictly a matter of timing.

In that very connection I should like to discuss this matter of priority assistance to break bottlenecks which impede the reconversion process. Our primary aim in handling bottleneck items is to obtain the most rapid possible increase in their output so that industry may proceed without fear of material shortages. Until this objective is achieved, however, it has been our experience that it is important to be able to step in with an occasional use of the priority authority in order to break specific reconversion bottlenecks or to assure minimum needed supplies to small plants, particularly those operated by veterans. On the whole, industry is doing a fine job in distributing scarce supplies equitably among consumers. Under our Priorities Regulation 28, which is used for breaking reconversion bottlenecks, we have had thus far a gratifyingly small volume of applications. Since some

material and component shortages will persist well into 1946, we feel it desirable to maintain in reserve, for very sparing use, the authority to break occasional bottlenecks and to relieve specific hardship situations.

During this reconversion period when things are evidently unsettled, and there are all sorts of dislocations, and things cannot work 100 percent smoothly, and there are many complaints that they cannot get everything they need. Perhaps they can get almost everything they need except two or three things, such as a tool, or a little bit of material which would permit them to go ahead. For that we have to have this priority assistance. People will be kept unemployed unreasonably long unless we do something about that and have the authority to do it. I have one case on my desk this morning of a plant that could not get a piece of equipment that would amount to \$58,000, and they could not get the delivery promise on that until some time in August 1947. That was going into a brand new plant with an expenditure of \$752,000, a plant that would create employment for 500 people. We think we will get it to them a long time before August 1947, and we will relieve the unemployment load which would otherwise be created, and which we are told will be here by wintertime.

We know that the small businessman will have the same problems in the over-all picture that he is having today, as spring come along, and perhaps they will be more emphasized then than they are now, and the factories will have the same problems in the springtime that they have today, and it will vary up and down the line. Some will be all right; some will have great difficulty. I had hoped that that would not be true. I had hoped that most things would have loosened up by that time. However, they have not done so.

A few examples of the use of such bottleneck breaking authority during the past few months will indicate the type of purpose for which we feel it may be needed during the early part of next year.

In one instance, a large automobile-axle plant was being held up because of failure to obtain wooden floor blocks. This delay threatened reconversion and reemployment in a number of assembly plants, involving tons of thousands of jobs. The assignment of a CC rating to this small quantity of material avoided a serious delay in reconversion progress.

In another case, a pilot boat had to be removed from service in one of our most congested eastern ports with a large volume of war traffic, owing to the break-down of a generator set and the wearing out of a special type storage battery. Available suppliers were contacted and the urgency of other orders was ascertained. It proved possible to expedite the delivery of the battery without a priority, but a rating had to be assigned to assure early delivery of the generator set. By these means, the boat was returned to service in a few weeks rather than the period of several months which would otherwise have been lost.

Similar action has also been used in obtaining rapid delivery of X-ray equipment for military and veterans' hospitals. Another group of cases involves veterans returning to business. In one such case, a veteran returning to his prewar business of producing electric fans was unable to get delivery on the bottleneck motors until well into next year. In this instance it was possible to find an alternate supplier

to give early delivery without using a formal priority. In another instance, a veteran returning to the photographic business needed \$300 worth of drying machinery to replace worn-out equipment. A preference rating under Priority Regulation 28 enabled him to resume business many months earlier than would otherwise have been possible. Such spot priority assistance is also occasionally needed in emergencies to prevent break-down in service of public utilities, food processing plants, or other basic services. In many such industries maintenance has been starved during the war and delivery times on replacements are extended far beyond normal. This type of situation will in due course rectify itself as production is stepped up, but the authority for emergency priority action still appears necessary for some months.

It should be reemphasized that Priorities Regulation 28 was not intended, and will not be used, as a substitute for individual self-reliance and resourcefulness. We do not want to encourage industry to come to the Government for priorities when the exercise of their own initiative would enable them to satisfy their needs. Applications are rigorously screened and are approved only where the need is demonstrated beyond question. The great majority of the cases thus far approved involve small quantities of materials to be used in small manufacturing plants. The exercise of this authority is sparing in the extreme and is maintained only to adjust these few serious inequities which are inevitable in this transitional period of materials shortage. As production grows the need for this instrument will disappear and its use will be self-liquidating.

Through cooperative arrangements with the Foreign Economic Administration—now the Office of International Trade Operations, Commerce Department—the War Production Board has taken steps to prevent the undue drain abroad of materials or products in short supply in this country. Such action will be continued under the Civilian Production Administration. In certain types of cases, however, positive assistance must be given to exports to fulfill international commitments or to obtain supplies from abroad which are vital to reconversion.

Certain crucial import programs cannot be carried through without incentive trade goods and necessary production equipment. These programs include tin, crude rubber, manila fiber, fats and oils, quinine and quinidine, and other products. In many such cases money alone is no inducement to the foreign production; it must be supplemented by goods such as textiles, household utensils, bicycles, small hand tools, and so forth. Restoration of production requires prompt delivery of such items as heavy dredges, transportation equipment, tractors, power shovels, machetes, and the like. Since the affected foreign areas are often not long run postwar markets, industry is sometimes reluctant to provide supplies without Government action. In such cases the existence of the priorities authority, which is used only when needed, makes it possible to insure speedy delivery of these materials and to obtain the most rapid possible increase in these important reconversion supplies.

Assurance of minimum supplies for relief and rehabilitation in war-damaged areas is a matter of high public policy repeatedly reaffirmed by the President. Such requirements include not only supplies for UNRRA, but also for the European paying countries, such as Belgium, Holland, and France, and for the barest minimum needs

of the Philippine Islands, China, and the Netherlands Indies. The relief programs include textiles and clothing, hospital equipment and medical supplies, coal mining machinery, transportation repair parts, and certain types of factory equipment. Here, too, the affected areas are often not sufficiently attractive as long run postwar markets to be assured of supplies without priorities assistance.

Priorities assistance has also occasionally been found necessary to meet other essential export requirements. For example, it was recently necessary to obtain some equipment for a butter plant in New Zealand to keep up the flow of butter to our forces of occupation in the Pacific areas. In a number of countries the packing of meat and other food products, some of which is used by our Army overseas, is dependent on tin plate from this country.

Allocation for production of low-price items essential to the stabilization program: As a part of the general stabilization program, the War Production Board has worked with the Office of Price Administration in developing the fourth-quarter low-end clothing program. It is our sincere hope that production will be sufficiently increased by the end of the year so that continued action of this type will no longer be needed and that ample supplies of low-priced clothing will again be flowing into retail channels on a free market basis. At this time it is too early to predict accurately the first-quarter production and distribution situation. Should it be determined necessary to continue these programs beyond the end of the year, the Civilian Production Administration should have the necessary authority to channel scarce fabrics into the hands of low-cost clothing manufacturers and to distributors of low-cost piece goods for resale.

We have a great shortage of textiles. There was a hiatus which developed in the low-cost levels. The stores are relatively bare of those low-cost items. We have set up a program, working together with the Office of Price Administration and ourselves, to get low-cost clothing made. That program could not work right now if we were not getting the manufacturers of the \$5.98 dress and the \$21 suit and overcoat a priority with which he could go and get the textiles to go into that suit or into that dress. It is working, and the cloth is flowing into the program, and the garments are coming out of them. I am very hopeful that we will exceed the yardage we had expected to get into this program. Production of textiles has improved. If we can get more men into the textile mills, that will help. Apparently a lot of soldiers are going back. One plant told me that they had gotten 700 men into 7 or 8 mills that they have. If we could get more men, then this problem will wash out and will disappear.

Mr. HANCOCK. Are we going to be able to buy white shirts pretty soon?

Mr. SMALL. As a matter of fact, some of these garments are already appearing and being sold in retail stores, such as pillowcases, sheets—they are already flowing out on the shelves of the stores. These are short-production items and can be manufactured very rapidly. After all, it has only been 2 months since the military needs were over. By December, and certainly by January and February, you will see quite a lot of garments on the shelves. They are certainly getting into production now, and they are already getting a few. Those things will come along more rapidly as times goes along.

Mr. HOBBS. Are they lengthening the tails of the shirts now? I understand they have. Whoever did that deserves a great deal of credit.

Mr. SMALL. I am very happy to have you say that, because I think I can claim that honor, myself, personally.

Mr. HOBBS. Then I want to congratulate you, and I am sure every man in this country does.

Mr. SMALL. Yes; that was very important, I think. I have tried to make you acquainted with what we are doing. As a firm believer in getting back to an open market and no controls, I believe it would not be in the public interest to take it away just now and not have any controls at the present time. As to how long it will be in the future, frankly, I cannot "crystal ball" this thing. I think that these powers should be utilized sparingly and should be utilized only as long as we have to use them. I think that these powers should be extended, because by these powers you are buying insurance for full employment and prosperity in this country. Without them I think it would be far more difficult to reach such prosperity.

Mr. SPRINGER. Can you even make a guess as to how long you will need these powers?

Mr. SMALL. The President asked for them to be extended for a year. I think myself all these controls that I have talked about; the need for them, will have finished before that time. The inventory control against speculative hoarding—I think right there is our real problem, and that will probably arise in its greatest degree in June.

Mr. FEIGHAN. You spoke about the distinction between hoarding and a supply, and hoarding that is not speculative hoarding. I wonder if you would discuss that a little further.

Mr. SMALL. As to the distinction between hoarding in order to play safe and hoarding that is speculative hoarding, I think that a man who can get along with a 2 weeks' stockroom supply—which he may be entitled to under the regular methods of keeping up his stock—if, therefore, he increases from 2 weeks' supply to a month's supply, that would not be speculative hoarding, but he would have more on hand than he ought to have. We have conducted a very close program with industry, and in our contacts with industry they have been most cooperative—without which cooperation we would not be able to succeed, of course—take, for instance, the National Association of Purchasing Agents; they preach the doctrine:

Do not buy any more than you have to buy. Spread the supply when you have it. When you sell, do not give anybody more than he has to have in the scarce things.

That is not hoarding in the sense of trying to put it aside in the hope of getting more money for it when you resell it later. It is hoarding in the sense of keeping a greater supply on hand than you actually need.

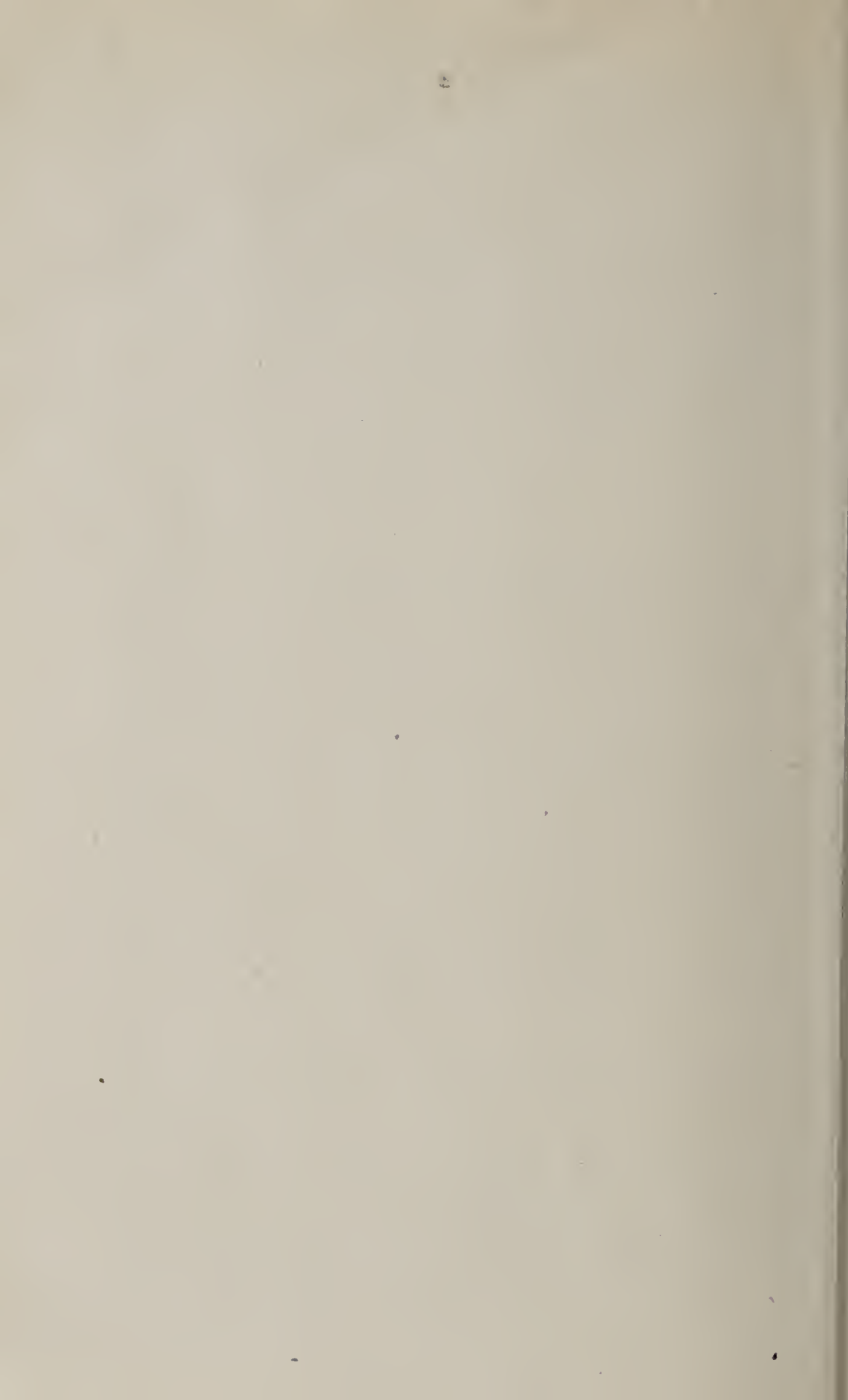
On these tight things we do not dare to give way, and we have to have records of these things and check these and let them have just enough to take care of the failure of the things to arrive on time. We have a lot of people out in the field who enforce the regulation. Once the war powers are cut off, they will go; unless the war powers are extended, we have no power to enforce the regulation. I am sure if you will ask the reputable manufacturers about this, they will be more in favor of it than even we are.

Mr. HOBBS. Mr. Small, we are very grateful to you, sir. We think your statement is very illuminating, and we are appreciative most deeply of the policy which you have enunciated and which you have followed with the remarkable success that you have had so far in conducting it. We appreciate your personal views on this matter. We are so happy to have it from you, and we are glad to know that your views coincide as closely as they do with those of the committee.

Are there any other witnesses? That seems to be the last one we have scheduled. We are very, very grateful, then, Mr. Small. I would like to give you this list for your consideration, and you can let us hear about that later on.

The committee will stand adjourned.

(Whereupon, at 5 p. m. the subcommittee adjourned, to meet at the call of the chairman.)



TERMINATION OF HOSTILITIES AND EXTENSION OF SECOND WAR POWERS ACT OF 1942

MONDAY, OCTOBER 29, 1945

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON THE JUDICIARY,
Washington, D. C.

The subcommittee met at 10:30 a. m., Hon. Sam Hobbs presiding.

Mr. HOBBS. This committee will now come to order. I will ask our first witness this morning, Dr. George E. Rosden, to proceed.

STATEMENT OF GEORGE E. ROSDEN, ATTORNEY AT LAW, AND JOHN LEWIS SMITH, ATTORNEY AT LAW, WASHINGTON, D. C., APPEARING ON BEHALF OF E. VIRGIL NEAL (PRESENTLY IN SWITZERLAND); INTERNATIONAL LABORATORIES, SWITZERLAND; AND TOCALON CORP. OF SWITZERLAND, FRANCE, AND ENGLAND

Mr. ROSDEN. Mr. Chairman and gentlemen of the committee, I am George E. Rosden, attorney at law, member of the Bar of the District of Columbia; I am accompanied by Mr. John Lewis Smith, also attorney at law and member of the Bar of the District of Columbia. I am testifying on my own behalf, and on behalf of Mr. Smith and on behalf of three clients; an American citizen, E. Virgil Neal, who lives in Switzerland; a corporation, International Laboratories, with offices in Switzerland; and a number of corporations by the name of Tocalon, located in Switzerland, France, and England, with business connections all over Europe and the Americas.

Mr. HOBBS. Doctor, we are glad to have you, sir, and the committee will appreciate your going ahead with your testimony now.

Mr. ROSDEN. I am acting as attorney for several clients who have contacted me to be active in this matter. Mr. E. Virgil Neal is an American citizen living in Switzerland; he has interests, dominant or otherwise, directly or indirectly, in the previously mentioned corporations. The purpose of this testimony is to show one instance which seems to be indicative of other instances, where it appears obvious that the war powers should be terminated because they are being used for purposes and in a way which is not the way Congress wanted, or Congress still would want at this time. Mr. Neal, as well as the corporations, have been put on what is called the proclaimed list. The proclaimed list is a list that is established by proclamation of the

President, the proclamation of July 17, 1941. I will read shortly the pertinent parts:

I, Franklin D. Roosevelt, President of the United States of America, acting under and by virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917 (40 Stat. 415), as amended, and section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, and by virtue of all other authority vested in me, and by virtue of the existence of a period of unlimited national emergency and finding that this proclamation is necessary in the interest of national defense, do hereby order and proclaim the following:

SECTION 1. The Secretary of State, acting in conjunction with the Secretary of the Treasury, the Attorney General, the Secretary of Commerce, the Administrator of Export Control, and the Coordinator of Commercial and Cultural Relations between the American Republics, shall from time to time cause to be prepared an appropriate list of (a) certain persons deemed to be, or to have been, acting or purporting to act, directly or indirectly, for the benefit of, or under the direction of, or on behalf of, or in collaboration with, Germany or Italy or a national thereof; and (b) certain persons to whom, or on whose behalf, or for whose account, the importation, directly or indirectly, of any article or material exported from the United States is deemed to be detrimental to the interest of national defense.

This proclamation goes on, and everybody who is put on this list is treated as if he were a national of Germany or Italy. For instance, he cannot trade with the United States, he cannot receive any communications; no American citizen or anybody living in this country can make communications to him; and all money he has in the United States is blocked. Of course, our allies proceed in every one of these cases to put such a man on their own lists and proceed the same way. That, in fact, has been done in this case. Mr. Neal says he is innocent, and he has not done anything. He wants to know why his case has come up; he wants to know what he is accused of. He has retained Mr. Smith and me as his attorneys to try to get his name deleted from the list.

We have tried to talk to the State Department. We have talked to officials there who are in charge of this case. We have been told, in so many words, in fact, that they have the case under advisement and that they have the case under investigation, and they refuse to give us the thing which we lawyers call a "bill of particulars." They refuse to tell us what the man is accused of, except that they say that he has violated the Trading with the Enemy Act, and so forth. Now we say that this procedure is incredible; that a man, an American citizen, is subjected to grave damage in his property rights without even being informed about what he is supposed to have done, and all he is told is, "You have violated the Trading With the Enemy Act." The first time I talked to the officials in the State Department I made a memorandum thereafter for my office file, and I should like to read you a few lines of this memorandum. This is a memorandum that was originally intended for my own use only.

My memorandum says:

Mr. Baker's attitude is that as far as he can see there are a number of definite violations of the Trading With the Enemy Act. He is not prepared to say whether the violations will be criminally prosecuted or not. He explained that Neal would have to be cleared before the firm; but, on the other hand, admitted that Neal could not be cleared until the firms had been cleared.

Therefore, I said that that places an attorney in an impossible position. He said that he was a lawyer himself, and he fully agreed with me. I clearly remember the following remark he made: "If I ever

go into practice for myself I have decided that the cases I want least of all are cases of people on the proclaimed list, because a lawyer is frustrated." In my opinion, there is no such possibility, namely, that a lawfully appointed attorney could be helpless, under our Constitution. Now I feel that the State Department is using the powers conferred upon the President by the First and Second War Powers Acts, and the power delegated to them by virtue of this Presidential proclamation, in a vicious, arbitrary, and capricious way, and I feel it incumbent upon us lawyers, in the interest of justice and in the interest of our clients, to bring this case to the attention of this committee.

Mr. HOBBS. When did your client become a part of this list?

Mr. ROSDEN. I believe it was in August 1943, but I can give you the exact date immediately. It was the end of August 1943.

Mr. HOBBS. 1943?

Mr. ROSDEN. That is right. My client has tried to get off the list in England first, because that is where his interests were most active at the time. He has failed because seemingly the British Government says: "You are an American citizen; we have put you on the list after the United States did. You have to clear this matter first in the United States, and then we will act, if we deem proper." It obviously seemed to him that he should wait until the hostilities were over. You realize, of course, that every communication we, as his attorneys, want to make to him has to be cleared by the Treasury Department, and it all takes 2 or 3 weeks until it is cleared; then it goes overseas by mail, and then we get the answer. It is very difficult, of course, this way, to obtain the proper evidence.

Mr. HOBBS. Does your client or any other sources of your information give you to understand that there are others in similar conditions or circumstances?

Mr. ROSDEN. My client did not tell me anything about that, but I have heard some rumors amongst lawyers that it is pretty difficult to get off the list. I have heard of one case, although I cannot tell you either the name or who I heard it from.

Mr. HOBBS. I am not interested in that, or is the committee, as far as I am advised—but what I was wondering was this: Is this a common situation that your client finds himself in, or whether it is unique?

Mr. ROSDEN. It seems it is common from what he afterward stated or said to us—and when I say "he," I mean the officials at the State Department—not our client—because they said that they felt that there is no duty upon them to act, that there is no right on the part of my client to ask for any such specific statement, and they felt definitely that there is no duty upon them to furnish any such thing as a bill of particulars. They flatly said that they would not let us have it. They further said that even what they told us they would not tell in a normal case, because in our case they were dealing with a United States citizen, and they felt they had to do somewhat more than in any other case.

Mr. HOBBS. Are there any questions that any of the gentlemen of the committee desire to ask?

Mr. FELLOWS. I would like to ask a question there.

Mr. HOBBS. Mr. Fellows, of Maine, would like to ask you a few questions.

Mr. FELLOWS. You ask that one of these resolutions be adopted.

Mr. ROSDEN. I certainly would. I think it would be wise.

Mr. FELLOWS. If it is adopted, the act goes out of existence.

Mr. ROSDEN. Some of the authority goes out of existence to such an extent that the man cannot be kept on the list any more.

Mr. FELLOWS. What authority would that be?

Mr. ROSDEN. The declaration of a national emergency.

Mr. FELLOWS. This was in 1941.

Mr. ROSDEN. This was in 1941, and follow the First and Second War Powers Acts.

Mr. FELLOWS. The First and Second War Powers Acts?

Mr. ROSDEN. I believe that is right. Yes; the First and Second War Powers Acts.

Mr. SPRINGER. Do you know or does Mr. Neal know of any acts which were committed or which were purported to be committed which caused him to be placed on this list?

Mr. ROSDEN. I know of only one act which would suggest itself which was supposed to have been committed.

Mr. SPRINGER. What was it?

Mr. ROSDEN. He seemingly transferred moneys to bring them out of German domination from the occupied territory in France into the unoccupied territory of France. That, under French law, constitutes a very serious criminal offense for which he could be, I understand, punished very heavily in unoccupied France where he lived at that time. Then, he is supposed to have—I do not know whether he did—he is supposed to have been approached by the German administrator of his operating firm in German-occupied France, with the request to return back the money that he had taken into unoccupied France, and if he would not return it the French authorities would be informed, and would be asked to prosecute him. He is supposed to have made a deal with the Germans by virtue of which he returned half of the amounts which he transferred illegally, and retained the other half. That is the only case, the only allegation or accusation that has been made against him in such a form that we can answer it. I believe that even if it be admitted that everything he is supposed to have done in this respect he has done, there is still no violation.

Mr. SPRINGER. When you were in conference with the State Department, did they have knowledge of this particular act which you have cited?

Mr. ROSDEN. They did. We talked about that for some time.

Mr. SPRINGER. Did they say to you that they had that knowledge?

Mr. ROSDEN. Yes. We endeavored to talk the matter over with them, but not very satisfactorily.

Mr. SPRINGER. Did they make any statement as to whether or not that was the reason that he was on this list?

Mr. ROSDEN. They said that was one of the many reasons, but I have no other reasons except that they said that he had violated the Trading With the Enemy Act in many instances.

Mr. CHIEF. You have never been informed as to the nature of these other charges which are said to be against him?

Mr. ROSDEN. We never have. We do not have the slightest idea what they are. Of course, I do not have to point out how difficult it is to defend when you do not know what the man is accused of. We

feel that we are in a position where we have to go to the district court and get, somehow, by some judicial procedure, the State Department to act or not to act any more, in order that justice may be done in this case.

Mr. HOBBS. Are there any further questions? If not, we certainly are very much obliged to you for bringing this matter to our attention.

We have with us this morning Dr. C. J. Potter of the Solid Fuels Administration. Dr. Potter, we will be very happy to hear you at this time.

STATEMENT OF C. J. POTTER, DEPUTY SOLID FUELS ADMINISTRATOR, WASHINGTON, D. C.

Mr. POTTER. My name is C. J. Potter. I am Deputy Solid Fuels Administrator.

I am glad to have an opportunity to discuss with you the importance to the national solid fuels distribution program of extension of title III of the Second War Powers Act. Although the Executive order which established the Solid Fuels Administration for War confers on the agency some of the general war powers of the President, it also authorizes us to perform, with respect to the solid fuels industries, the functions enumerated in title III of the act, subject to the direction of the chairman of the War Production Board. Our activities during the war and at the present time are, therefore, heavily dependent upon the continued existence of this statute.

One of the main activities of the Solid Fuels Administration is to issue and take appropriate action to enforce such directives to the solid fuels industries as are necessary to provide adequate supplies of solid fuels for essential industrial and civilian requirements.

I am sure that it is not necessary to tell you that we have a coal problem—and a serious one. Several of you have been receiving letters from your constituents—householders and industrial consumers alike—describing their difficulties in obtaining sufficient fuel to meet their requirements for the winter. While I think that by continuing strict supervision and control over the production and distribution of bituminous coal east of the Mississippi River, and supervision of the distribution of anthracite, coke, and processed fuels we will be able to assure every consumer enough usable fuel to prevent hardship, but the job will be a tough one. It will require careful watch over the whole fuel picture, redistributing tonnages from one area to another, and the continuance of restrictions embodied in our regulation and directions.

The CHAIRMAN. Dr. Potter, may I ask you, if you do not mind the interruption, is title III the only title of any of these three or four acts that you are interested in?

Mr. POTTER. As far as I know that is all, Mr. Chairman.

Mr. HOBBS. Thank you very much. I want the record to be clear in that regard.

At the beginning, let me make clear that we in Solid Fuels Administration for War want to terminate these controls and close up our offices just as soon as the fuel situation permits. Most of our staff come from the fuel industries and want to return to them. We have already ordered our offices in the far West to dissolve. But we were

set up to do an emergency job and we don't want to quit until that job is done. Even though the fighting is over, the fuel emergency is still with us.

Immediately after VJ-day, we recanvassed the national fuel requirements in the light of estimated fuel production. We were convinced that with the reduction in military requirements and some industrial cut-backs in fuel consumption, there would be sufficient usable fuel—not necessarily the fuel that customers prefer, but usable—to meet minimum requirements. Many of the representatives of the solid fuels industry who met with us on our advisory committees were not in favor of relaxing wartime restrictions. For example, some pointed out that even if controls over retail distribution were withdrawn, the retailer would not obtain sufficient supplies from his shippers to meet his customers' demand. While we knew that there would continue to be shortages of some of the more desirable fuels, we want to restore as soon as practicable the freedom of prewar operations to the fuel industries.

We began on September 12 by revoking Regulation No. 26 which governed deliveries of anthracite, bituminous coal, processed fuels, and coke by retail dealers. This has enabled dealers to furnish their customers with all of these fuels which the customer desires if the dealer has it available for him. At the same time, we threw out the system of consumer declarations which had required householders to estimate their normal fuel requirements in writing to provide a basis for the dealer's scaling down deliveries to only 80 percent of the householders' requirements.

Effective November 1, we are canceling our regulation which controls distribution of anthracite from producers and wholesalers to retail dealers. Again, while there is by no means all the anthracite we need for regular consumers of that fuel, we believe in giving the anthracite industry an early chance to operate under more nearly normal competitive conditions. We shall continue to watch the movement of this fuel into its regular markets and correct any inequities by special directions to individual producers or wholesalers.

With respect to bituminous coal, we had hoped to take similar steps to get the Government more completely out of the fuel picture. Amendments to the present bituminous coal regulation, which would have relaxed restrictions on industrial stock piling and shipments to retail dealers, had already been drafted when production in the eastern bituminous fields was paralyzed by widespread work stoppages at the mines. As a result of these work stoppages, millions of tons of sorely needed coal were lost, particularly out of the Appalachian districts. The tonnage we have lost will not be regained this fuel year. Former miners in the armed forces will not be returning to the mines in substantial numbers until after the first of the year. I understand that Mr. Small of the War Production Board already has discussed with you the shortages of coal-mining equipment. Even if the present production rate is maintained with the existing labor force, and with the machinery and equipment allocated to the industry, we cannot see that total national bituminous production will be more than 560 to 570 million tons. A conservative estimate of demand is in the neighborhood of 582 million tons.

This means that retail dealers and consumers who are dependent upon eastern coals will not obtain much more than 80 percent of their normal requirements of the better coal, provided we can guarantee them a fair share of total available production. It means, also, that industrial consumers—even public utilities and railroads and consumers whose continued operation is vital to the public interest—will have to get along on stock piles which are alarmingly close to the danger point. And it means that if we are to scrape through this coal year without further curtailment of industrial activity and real hardship to home owners in various parts of the country, we will have to retain controls on bituminous coal distribution and have the power to modify them as the situation changes.

Let me tell you about some of the restrictions to which I am referring. In the first place, our basic bituminous coal regulation No. 27 establishes a quota for every retail dealer supplied with coal during a previous base period. The base period for Southern Appalachian coals is the 1943-44 fuel year and for coals produced in other districts it is the 1944-45 fuel year. The regulation requires shippers to furnish to their retail dealer customers at least 80 percent of the tonnage, in the sizes normally burned by householders, which they furnished during this base period. Irrespective of the shipper's desire to divert his tonnage to other more profitable markets, we are thus requiring him to spread the available supply based upon the historical distribution pattern. Now, if there were plenty of bituminous coal available, it would not matter if a shipper refused to supply a dealer who had been his customer during the base period for the dealer could then transfer his business to a new supplier. But when many shippers are unable at the present time to meet even their 80-percent quotas to dealers, it's obvious that revocation of this regulation would disrupt the whole distribution system and result in some areas obtaining more than their fair share while other areas were left to freeze.

Also, under the regulation, as modified by directions which are issued from time to time, strict controls are put on the amount of coal which industrial consumers may order each month and place in stock piles. The reason for this is that we simply do not have enough tonnage to do more than meet current burning requirements and permit the accumulation of minimum reserves. By spreading what is available to a large number of consumers, we permit each to operate, even though on something of a hand-to-mouth basis. Were we powerless to maintain these controls, some industrial consumers with superior buying power or special connections with producers would obtain disproportionately large supplies of the most desirable fuels while other consumers would be unable to acquire even enough to permit continuous operation of their plants.

For instance, we all know that steel is the backbone of the whole reconversion economy. Without steel there will be no automobiles, or any of the other hundreds of articles which our consumers are wanting to buy and our industries are wanting to produce. To make steel you need a high quality coking coal. To make enough steel to meet the current demand, you have to supplement the tonnages of these coking coals produced at mines owned by the steel companies with great tonnages of high-quality coals produced at commercial mines. Before the war the commercial mines had readier and more profitable markets for

these coals than the coke ovens. These mines naturally enough, would like to resume shipments to such markets. But during the war we had to divert these coals to the coke ovens so that the Nation's steel requirements could be met. And such diversions will have to be continued for a reasonable time now that the fighting is over if a steel shortage is not to bog down the whole reconversion program.

The same is true of coals going for other special-purpose uses. While it is always possible to burn low-quality coals in a boiler to run a steam whistle, many industries have fuel requirements for high loads which cannot be met by lower-quality coals. Since we don't have enough high-quality coals to go around, we have had to take steps to assure these special-purpose coal users with the kinds and qualities of fuel they need and make the lower grades available to consumers who can burn them without substantial inconveniences. Without these controls there is grave risk that coals of the right grades and sizes will not go to the consumers who most require them. Without suitable coal they cannot operate, cannot produce the products the country needs, cannot give employment essential to restoration of a sound peacetime economy.

In addition to general regulations, every day we issue operating directives to persons in the solid-fuels industries, requiring the shipment of certain tonnages, diversion of coal from one consumer to another, limiting shipments and receipts, and otherwise furthering equitable distribution of the available fuel supply. These directions are issued pursuant to powers likewise derived from title III of the Second War Powers Act. With the surrender of general controls over anthracite distribution, and the tightening of the bituminous coal supply picture, we anticipate that the need for special directions to meet particular and specific problems will be increased. If we are denied power to issue such directions, we will invite inequities and abuses which we will be incapable of correcting.

I have left for a final word, the problem of solid-fuel exports. There has, unfortunately, been a lot of misunderstanding of our fuel-export policy. Last spring I personally visited most of the coal-producing countries of Europe with the exception of Russia and Poland. After seeing with my own eyes the devastated mines, the wrecked transportation and utility systems, the shattered miners' homes, and the deplorable state of civilian housing facilities, I was of the opinion then, and I am of the same opinion now, that unless we send fuel to Europe we must be prepared not only for acute hardship and hundreds of deaths from the cold but fuel riots and anarchy. America's position with respect to coal is different than that with respect to tin, burlap, and some of the other materials which we import from abroad. As the world's greatest producer of coal, we have a responsibility of doing what we can to furnish abroad whatever can be spared from our own economy to alleviate deplorable conditions in the lands of our friends and allies. We established earlier this year a quota of 20,000,000 tons of fuel for export to all countries except Canada. So far we have shipped about 5,000,000 tons and I am still hoping that we shall not fall more than 5,000,000 tons below the goal which we set.

Now the fuel which we are sending abroad—and let me make this emphatically clear—is not fuel for which there is any real demand on the part of our own householders or industrial consumers. In-

stead, we are sending anthracite fines, of which we have a surplus, and lower-grade coals from stripping operations in western and central Pennsylvania, as well as from northern West Virginia, western Kentucky, Oklahoma, and New Mexico. Some additional tonnages have come from mines producing low-grade fuels in Illinois and Alabama. Solid Fuels Administration for War has consistently announced that any time any retail dealer or any consumer wants to buy any of the fuel scheduled to move abroad, we will take steps to see that he obtains all that he can possibly want. But the fuel situation in Europe is so desperate, that what is regarded as an undesirable commodity here, in France and Belgium and Holland and some of the other countries is the difference, literally, between life and death.

In assembling cargoes of fuel for export, we find it necessary to issue special directions to assure the arrival of the proper tonnage at the proper port at the proper time. In addition, we have a general regulation controlling shipments of solid fuels for export which enables us to keep careful watch over the kind and quantity of tonnage which is moving out of this country.

I want to point out these particular areas: They are West Virginia, Virginia, eastern Kentucky, and northern Tennessee. We have a strict embargo on coals moving from these areas. We will only permit the movement of low-grade coals produced in other areas. These are not the coals wanted so much by the steel industry or by the householder in the South and Midwest; in other words, sales in conformity with the regulations under the War Powers Act permit the movement of this coal to go abroad. There is a real reason for the producer and purchaser in this country to want to move those coals abroad. In the pricing set-up which exists in this country at this time, a premium is placed on export coal, so it is naturally the desire of any coal producer, if he can do so, to export coal. We have taken the position that any commodity required in the United States should stay in the United States while the emergency is on.

Mr. SPRINGER. About what does that premium amount to, Dr. Potter?

Mr. POTTER. As high as 70 cents per ton maximum; it is about 55 cents for the producer.

Mr. CHIEF. That 20,000,000 tons, is that a shipment for this year, or for the entire period?

Mr. POTTER. For a period of 12 months, April to April, and that includes the coal which goes to South America and Cuba.

Mr. CHIEF. Up to now what would you say has been shipped?

Mr. POTTER. I would say approximately 8,000,000 tons have moved so far.

If we are to meet our export quotas and at the same time safeguard the interests of coal users in this country, we must continue to have the power to issue and modify these controls.

You ask how long such authorization will be required. When dealing with an unpredictable, complex, variegated industry like the coal industry, it is difficult to tell with certainty. I believe by April 1, 1946, which marks the end of the present fuel year, the fuel emergency will have passed and the need for the Solid Fuels Administration for War fuel programs will have ended. I have stated to the

Appropriations Committee, before the recent work stoppages, that I expect the Solid Fuels Administration for War will not be in business after May 1, 1946. In any event, I am firmly convinced that we shall need the authority conferred by title III of the Second War Powers Act after December 31, 1945, when it is due to expire, and through the winter months when the consumption of fuel is heaviest and the difficulties in securing fair distribution greatest.

Mr. HOBBS. What is the reaction of the various branches of consumers of coal to your program?

Mr. POTTER. I might state that insofar as the domestic consumer is concerned—that is, the household consumer—he is generally in opposition to our program. The reason is this: He believes that there are enough high-grade coals being produced in the United States at the present time that he could go out on the open market and buy those coals. Such is not the truth. We have tried to explain time and time again that there is just not enough of those coals to go around. The gas and utility industries and the railroads, who are our biggest users, agree with us and with our policy with respect to control of coals at the present time. We have been asked by that very large group of consumers of coal to have the control continued till such time as the production may level out and get in a stable condition.

As I pointed out previously, with the production of coal that we had until the strikes, we had felt that if we could get by November, or by December, it might iron itself out, but there has been the strike delay. I do not think it necessary to tell you that the strike has made it impossible for us to get our winter supply of coal ahead in time, and that that is the reason we are not ahead on exports at the present time.

Mr. HOBBS. Is the steel corporation satisfied with the restrictions that have been put upon the use of solid fuels, if they have made their opinion known?

Mr. POTTER. During the war it was satisfied because we could give it all the coal it required. As a matter of fact, we made exchanges during the war by taking away some of the coal which could be used by the domestic consumers. After this last strike we were forced to take away from the steel corporation their normal sources of supply and put it back in the general domestic and industrial field. For example, there was no coal available for sale at retail in the city of Pittsburgh, Pa., for about a month. That was almost a catastrophe. In order to meet this we are calling upon the steel corporations to give us a part of their total production. They are giving us a substantial tonnage, and now we are putting that back into the domestic market. We cannot possibly find enough coal to permit the steel corporations to resume full operations at any point in the near future. The steel industry in the United States and the gas industry will be operating at a reduced level for a couple of months.

Mr. HOBBS. Of course, my question was not addressed to exactly that; what I am inquiring about is, do they agree with your logic? In other words, is it disputed?

Mr. POTTER. Oh, they would not agree with my logic at the present time, because they would like to go ahead and be able to produce in their mines and purchase on the outside together all the coal that they require.

Mr. HOBBS. That is not the logic. That is a fact. What I mean to say is this, do they accept your major premise that there is not enough coal? Do they concede that?

Mr. POTTER. Yes. They concede that.

Mr. HOBBS. To put it bluntly, they do not call you a liar on that point?

Mr. POTTER. There is no question about that; the point on that is simply that as long as a year and half ago we were not mining as much coal as we were consuming, and we diverted all of this type out of other uses for the steel industry, because we thought they had to have it. With the suspension hitting us last month it was obvious that we could not operate in full in the future, and the steel companies have made their plans accordingly.

Mr. HOBBS. Of course, the only reason we are interested in that phase of it is because it is manifest that the individual domestic consumers could not possibly know that, but you feel that the steel corporation should and does? That is why I was wondering to see if they understood your problem.

Mr. POTTER. I think they are fully familiar with it, Mr. Chairman.

Mr. CHIEF. What is the normal consumption of domestic coal in this country?

Mr. POTTER. As of the order of 120,000,000 tons per year. Most of that is consumed in the winter months. It is delivered throughout the year, because we could not produce enough for our own consumption if we just produced it during the burning season; therefore, we have to produce coal during the entire season and also the remainder of the year.

Mr. CHIEF. That would be practically one-sixth of our normal supply that is being exported overseas?

Mr. POTTER. No. It is approximately 3 percent; approximately 3 percent of our total production which will be shipped in export, but I want to again assure you that that is not domestic coal that the householder burns. That is generally strip coal from the strip mines, and it is run-of-mine coal, and it is not graded or cleaned. Most of those mines have no facilities for making the types of coal that the domestic users use. Our offer in connection with this coal has been made to the public many times and it is that any consumer wanting any of this coal may have it. During the suspension a lot of these strip coal mines worked, but a substantial part of the production was put into industrial plants which arranged to burn it.

Mr. CHIEF. Are those 20,000,000 tons being allocated on an equitable basis according to the population?

Mr. POTTER. Up to the present time the allocations have been made by the organization known as the European Coal Organization, and they handle the matter. The European Coal Organization is composed of all the allied governments; the United States is a participating member. ECO will determine who gets a given quantity or quantities of United States coal that we will make available to them, and we will simply tell them how much is available. At the same time they make the allocations of the German, French, Dutch, and Belgian coal, all of it is thrown into the same stock pile, and the best possible allocations are made out of this entire pile.

Mr. FEIGHAN. How much goes over to the European countries?

Mr. POTTER. We expected to ship 8,000,000 tons to European countries by the first of the year, exclusive of military use.

Mr. FEIGHAN. And how much will the military use amount to?

Mr. POTTER. I do not have that figure, but I will put it in the record if you wish.

Mr. FEIGHAN. I wish you would do so.

(NOTE.—Military use about 300,000 to 400,000 tons per month.)

Mr. POTTER. We will probably not ship more than 6,000,000 tons by the first of the year. The major recipient is France—no, really the major recipient is Italy, followed by France and Norway.

Mr. FEIGHAN. Do you know about how much you send to Norway?

Mr. POTTER. Norway is purchasing approximately 100,000 tons of coal.

Mr. FEIGHAN. 100,000 tons of coal going to Norway. When we were over there in July they stated they needed 8,000,000 tons, and they were only receiving a very small amount.

Mr. POTTER. If we can get enough coal into those countries which will enable those countries in the next 12 months to maintain as much as 50 percent of normal activity, by that, I mean industry and railroads cannot have more than 50 percent of the coal that they would use before the war, and practically nothing for the civilian population, that is, coal just enough for cooking and heating, we shall be fortunate. We simply cannot get the coal to them in the large tonnages.

Mr. FEIGHAN. Does any coal go to Switzerland or Sweden?

Mr. POTTER. Approximately, 35,000 tons—this is an approximation—is going to Switzerland, and that is just about three boat loads per month. The State Department has made an agreement with Sweden to exchange 75,000 tons of coal and 25,000 tons of coke per month for wood pulp for paper manufacture, and that is approximately the volume of the tonnage going to Sweden. The way we handle that, sir, is that the liberated areas are treated differently from the so-called neutrals. We will assure a supply to the liberated areas as long as there is no suspension, but we will not assure any particular amount to a country such as Sweden or Switzerland which was a neutral. They will have to buy upon the open market, if and when they can, that which is left. We leave it to them to find the coal and if found they may take it with our permission. Outside the liberated areas we have made no promises.

Mr. FEIGHAN. During the war the coal operators complained there was a lack of miners, and they wanted men out of the service. If there were no strikes, has the demobilization numbers solved that situation? In other words have the number of men who have been demobilized been sufficient to take care of that, considering there had been no strikes? Has the demobilization process alleviated that situation, I mean?

Mr. POTTER. It will, sir; it has not yet. If there had been no strikes we would have been all right. Miners are beginning to return to the mines. I happened to notice in the past 2 weeks, in checking some of those, that we have been getting a number of veterans who have been away for a very long time. Some of them want to go to work right now, others want to wait for from 30 to 60 days—and we have no quarrel with them on that. So, by the first of the year we may be get-

ting a steady influx of men to the mines so that by the first of April there will be no shortages.

Mr. SPRINGER. Is the slowness of the men returning to the mines—is that caused by men who have been previously engaged in mining, and men who are dissatisfied because the strike was called off, and they are a bit slow about returning to work?

Mr. POTTER. Most of the veterans that have returned were those discharged because of physical disability, or because of high points, and those men are taking some time off before they go into the mines. Our real trouble is in getting under way due to the slowness of discharge from the Army. That is the real trouble.

Mr. SPRINGER. The men who have gone out on strike, have they been going back to work very largely?

Mr. POTTER. Yes, sir. All of them have gone back but about 6,000 or 8,000.

Mr. SPRINGER. Do you know the reasons why those particular men have not returned to the mines?

Mr. POTTER. The reported reasons are all the way from some minor disputes, to further attempts at organizing the clerical, technical, and professional forces. One of the largest mines in the United States is on strike at the present time. That is the Lynch mine of the United States Steel Corp. in Kentucky. There was an attempt made to organize some clerical workers in and around the mine in these various areas, and the miners themselves are out in sympathy with that organization. Most of the other strikes resulted from the supervisory and technical employee dispute, and the men have not returned to work. The majority of them have, but a few have not. Then there are some that are out on strike in connection with local disputes. We will average probably six to eight local disputes per day; that was just about normal in this business in the past, and there are many forms of strike throughout the industry, that is arising from various things.

Mr. SPRINGER. One of the outstanding causes of the general strike is that it has postponed the ending of this agency from some time in November over until April of next year.

Mr. POTTER. That is true, because that has changed the balance of the coal distribution very substantially.

Mr. CHIEF. Was that about the same as with the rubber people, they anticipated having rationing off by about November 1, and due to conditions in the industry they were not able to do that?

Mr. POTTER. I am sorry, I cannot speak with respect to that. I do not know what the tire situation is except we are still unable to get satisfactory numbers of tires for the miners and for the mines so it is still rather difficult.

Mr. FELLOWS. Dr. Potter, you are asking that the Second War Powers Act be extended. What do you suggest as to the length of time?

Mr. POTTER. From the standpoint of my own immediate agency, I would place it at April 1, I think that is enough for us.

Mr. FELLOWS. You feel that is sufficient for your group?

Mr. POTTER. Yes; I think that that would take care of us very well.

Mr. FELLOWS. I do not mean to be altogether New Englandish, but are we going to have this winter coal for domestic use, plenty of coal?

Mr. POTTER. Our production of anthracite is down about 15 per cent over last year. Our production of bituminous coal is down about

9 percent. There will be a decreased demand for both of those fuels. One answer I can give you is that it looks as though there will be a shortage in anthracite this winter. We will attempt to block this as far as we are able to by the use of bituminous coal, but anthracite is not going to be free in its movement. I do not want you to think that all coal is going to be in free supply this winter.

Mr. FELLOWS. You mean we will be shivering up there?

Mr. POTTER. No; you will not be shivering, but we may have to put domestic bituminous coal in there. I do not see any reason for your people being cold this year because we will simply force enough coal into that territory to see that they are kept warm.

Mr. FELLOWS. I want to ask you about some of your export coal to Sweden, is that for Sweden pulp from which paper is manufactured that we get it?

Mr. POTTER. Precisely, it is an exchange for wood pulp.

Mr. FELLOWS. Is it contemplated that the manufactured product will be brought into this country?

Mr. POTTER. No; just pulp, not the paper.

Mr. FELLOWS. That is how much coal?

Mr. POTTER. It is 75,000 tons of coal and 25,000 tons of coke.

Mr. FELLOWS. That is to compete with our own pulp manufacturers?

Mr. POTTER. I think that is correct, sir. We are told there is a shortage of pulp, a serious shortage.

Mr. FELLOWS. Here is another thing, I think you said there is a premium of 70 cents on a certain quality of coal, I do not quite understand that. What do you mean by that?

Mr. POTTER. In the United States there is one price for coal; it is generally the rule almost anywhere that different consumers pay the same price for coal. Let us assume that it is \$3 at the mines. Let us assume that Sweden wants to buy coal. If you happen to be an exporter you are permitted to charge 70 cents per ton more than the United States domestic price, and this is supposed to take into account the railroad car demurrage and other items of expense that you have. If you are the sales agent of the mine, and the money can be returned to the producer, then you can charge 55 cents, and it is a very, very profitable business.

Mr. FELLOWS. What about the shipping facilities, do you have a sufficiency of those?

Mr. POTTER. They will be very good and so far they have been. We have utilized on the order of 200 Liberty ships or cargo ships per month for the tonnage we have shipped.

Mr. FELLOWS. We are all interested in extending all the aid that we can to the foreign countries to alleviate suffering. You used the word "anarchy." What did you call the condition of Europe in the last 5 years, has that been what, according to law or not?

Mr. POTTER. I am not sure I quite follow the point there, but I certainly do not think it has been a very lawful situation.

Mr. FELLOWS. I was wondering why you used that word, because we have been under the impression that they have been highwaymen on horseback for the last 5 years.

Mr. POTTER. What I was referring to was, in France, last winter, there was no fuel for domestic consumption, and many, many people

died, and the French people said they would not go through another winter like this one.

Mr. FELLOWS. That is true, but I heard the use of this word, and I have heard that word introduced into the newspaper from time to time, and the statement if we do not do this we will have a condition of lawlessness in Europe. I want to help them over there as much as anybody, but I have been trying to figure out why they use that term, because we thought that that was what we have been fighting; is that right?

Mr. POTTER. That is exactly right. That is exactly correct.

Mr. HOBBS. Dr. Potter, we are very grateful to you for your statement.

The next witness we are very pleased to have with us is Hon. Richard H. Field, general counsel of the Office of Price Administration.

STATEMENT OF RICHARD H. FIELD, GENERAL COUNSEL, OFFICE OF PRICE ADMINISTRATION, WASHINGTON, D. C.

Mr. FIELD. My name is Richard H. Field, and I am general counsel of the Office of Price Administration. Republic 7500, extension 4114.

Mr. Chairman and gentlemen of the committee, I have no prepared statement this morning. I will just make a few comments in connection with this matter. The Office of Price Administration does have an interest in the continuation of certain of the sections of the Second War Powers Act. I would like to speak briefly with respect to three of them. First, title III; second, title VII, which deals with the exemption from the Hatch Act of volunteers connected with the war effort; third, title XIV, dealing with the obtaining of confidential information from the Department of Commerce.

With respect to title III the concern of the Office of Price Administration is, in a sense, indirect; that is, as the committee knows, that title is the basis of the authority for rationing. The Office of Price Administration has been charged with the administration of the several rationing programs on delegation from the supply agency involved. Therefore, we are not the ones who make the determination as to whether rationing should be undertaken, or how long rationing of a particular commodity should continue. Speaking generally, however, we feel that it is important from the point of view of the administration of price control, in which we are vitally concerned, that when you do have an essential of civilian life, where the supply is far from being in balance with the uncontrolled civilian demand, it is in the public interest that rationing of such a commodity be undertaken. We all know how a scarce and rationed commodity, if it were not rationed, would obviously be subject to a very great scramble on the part of the public to get it, with unfortunate results. The price controls in that field, I am sure, would be inadequate and unenforceable, given the situation which I have supposed.

I am sure that the supply agencies either will testify or have testified with respect to each product as to how long and to what extent after the first of the year rationing of these several commodities will be necessary. Mr. Max McCullough, Deputy Administrator for Rationing, is here and he will be able to answer some of these questions

which will come up, I am sure and give you some of the details in connection with them.

I want to point out that we are not the experts as to what the supply will be, nor the responsible agency for determining whether or not rationing will be undertaken or continued. There is always the question as to how great the disparity between supply and demand is, and whether or not that disparity is enough to justify the expense and nuisance of making an equitable distribution through rationing. We do not make those determinations, but we merely carry out the rationing after that has been determined. With respect to that, if I may, Mr. Chairman, I will leave whatever else is to said about title III to other.

Mr. HOBBS. What is your stake in title III?

Mr. FIELD. With respect to our stake, in a sense we have no stake at all. We merely ration when we are told to. We believe that there should be rationing in the situations I have outlined. If there is no title III there could be no rationing, because that is the basis for the authority.

We also are in favor of the retention of title III in connection with the matters on which the War Production Board or its successor agency has already testified. That also is a somewhat less direct interest than would be the case if we administered it, but with regard to stabilization, we do consider it as very important. It is something which should be given the most careful consideration.

With respect to title VII, that section excludes from the provision of the Hatch Act part-time officers or employees serving without compensation, or with nominal compensation, in connection with the war effort, in any other capacity than that relating to the procurement or manufacture of war materials. That is of interest to us with respect to the members of our local war price and rationing boards. I should like to make it clear to the committee what our policy has been on the subject during the time that this title of the Second War Powers Act has been in effect.

Even though Congress has exempted from the penalties of the Hatch Act persons such as I have described, it has been felt by each of the administrators of the Price Control Act that it was imperative that the members of our local rationing boards so conduct themselves as not to impair public faith in the impartiality of all of their board activities. Therefore, we have in effect an administrative order No. 38, which has been in effect in its present form since September 1943 calling attention to the provisions of the Hatch Act, and impressing upon our regional administrators and district directors that it is their responsibility to see that their own administration is such that the activities of the board members do not cast any discredit upon the agency, or give rise to any implications that the affairs of the board are conducted with political purposes in view. It would, of course, have been catastrophic if the impression had been had, whether true or unfounded, that your political faith or activities had anything to do with whether you got gasoline, tires, or any other rationed commodities. Therefore, you might say, in a sense, the continuance of this section is not of particular importance to the Office of Price Administration because we have already insisted upon a higher degree of abstinence from political management and political campaigns than is permitted under this act.

We do feel, however, that this system is working extremely well, and that it would be a serious reflection upon our loyal volunteers, assuming some parts of this act are continued, if at this late stage title VII was singled out to be omitted. We are very proud indeed of the fact that during years when political activity has been heated, our local volunteers have been substantially free from criticism for their political activities. We are almost entirely without complaints on that score. We, therefore, do feel that the continuance of title VII is as desirable as the original policy of the Congress in having title VII in, in the first place.

With respect to title XIV, that is the title which provides that the Secretary of Commerce shall make available certain information under rules to be prescribed, where they may be needed in connection with the activities of the various agencies. The Office of Price Administration has made use of information from the Department of Commerce, which I understand from the Department of Commerce could never have been made available to us but for this section. We anticipate the desirability of some further use of such information during such time as price control may continue. And for the benefit of the committee I think it might be helpful if I should give you some idea of what kind of information we get and that we regard as desirable, gentlemen, that we be able to get in the future. Since the 1st of January of 1945 the Office of Price Administration has submitted 14 requests for confidential information to the Department of Congress. I have here a selection of six which I think are typical of the kind of information that we have sought, and I would be glad either to read these or put them in the record, whatever the committee prefers. In any event I would like to give you one or two so as to give you an idea of the information to which I may refer. First of all—

OPA project No. 6567, names and addresses of metal furniture manufacturers and value of production of specified types of metal furniture as reported in the 1939 Census of Manufacturers.

OPA project No. 6550, names and addresses of producers of photographic equipment and value of production of specific types of equipment.

OPA project No. 6465, names and addresses of manufacturers of innerspring mattresses, on specific types of mattresses for the 1939 Census of Manufacturers.

OPA project No. 6426, for specific cotton textile mills (a) production on each type of fabric and consumption of fabrics used in its production; (b) for yarns produced and kind of yarn numbers produced.

OPA project No. 6425, names and locations of all cotton gins which operated in the United States during the 1944-45 season, and the number of bales ginned by each during that season.

OPA project No. 6406, names and addresses of all establishments classified in industry group I. G. meat-packing wholesale, and for each, as reported in 1939: (a) An indication whether federally inspected; (b) amount of meat produced by type of animal, i. e., beef, veal, mutton, and pork.

The use we made of that information is various. In the first place, it has been extremely important to us in setting up our industry advisory committees. It is important, we feel, in compliance with our

obligation to make those committees representative of the industry, that they by type, location, and size, be a truly representative committee. And it was, in fact, the only practical way, without the expenditure of a vast amount of effort, to get this information from some such source as this. In establishing price regulations where investigation by sample of an industry is necessary, this type of information tends to assure that we are getting a fairly representative sample. Also, the mere fact of having a complete mailing list of an industry is of great advantage in carrying out the best we can our policy of making sure that people subject to our regulations are informed of and understand about them.

Mr. HOBBS. What is your recollection of the service rendered; was it accurate?

Mr. FIELD. I personally am not in position to say anything more than I think it was highly satisfactory. I might say that I did not myself in the course of my duties have occasion to make direct utilization of this information, and never have, but it is certainly my impression that it has been very well received.

I think it is highly probable that title XIV will be no less important, at least during the balance of this fiscal year, than it has been so far, particularly as we are now going deeply into the reconversion period, and in the durable goods division alone it will probably be desirable to get as much information in the coming months as has been sought in the year up to date for the whole field, that is, 14 requests. We do feel that the interest of the Government in having things done as economically as possible, and with as little duplication as possible, makes it unwise at this time, when we are trying our best to keep our activities down, not to compel us to set up a less efficient means and more time-consuming method of getting information which we need badly in order to perform the price-control work program which we have.

Mr. FELLOWS. How long do you think price control will be needed to continue?

Mr. FIELD. Mr. Bowles testified before the Senate Banking and Currency Committee last week, expressing the opinion that price control in some fields would be, in his judgment, necessary beyond June 30 of this year, which is the expiration date of the most recent extension of the act.

Mr. FELLOWS. What is your opinion?

Mr. FIELD. I agree with Mr. Bowles.

Mr. FELLOWS. What things do you have in mind?

Mr. FIELD. That is a large subject, Mr. Fellows. Certainly, the general approach is that price control can be dropped and should be dropped as soon as there is a reasonable balance of supply and demand.

Mr. FELLOWS. Mr. Field, what do you mean by "reasonable" when you say that?

Mr. FIELD. Well, I do not think that price control need continue until you are absolutely sure that there is precisely as much available to buy as people want.

Mr. FELLOWS. You have got how many billions of dollars of E bonds outstanding at the present time?

Mr. FIELD. I do not know how many. But certainly a lot.

Mr. FELLOWS. Those bonds can be cashed at any time?

Mr. FIELD. It is my understanding that they may be cashed at any time.

Mr. FELLOWS. That is what I mean by the question, the "reasonable" balance, with that in view, where is it? How are you going to figure any reasonable balance?

Mr. FIELD. Well, it seems to me, Mr. Fellows, that when you have, for example, a situation such as you have in various of the building materials now, where the normal construction-industry needs cannot be nearly met, that price control is wise and necessary. It seems to me that for the period when your consumer durables, which have been off the market during the war, are still very very scarce with relation to the demand and the need, it would follow—

Mr. FELLOWS. You and I come from the State of Maine, and coming from Maine as we do, I do not understand what a billion dollars really means, and I am wondering if you do.

Mr. FIELD. I am afraid that presents a substantial problem. I have always had difficulty with these zeros on the ends of these numbers, because we are talking about extremely confusing sums, I should say.

Mr. FELLOWS. What is your opinion about extending this Second War Powers Act? Of course, it relates to you only so far as a delegated power to you. You have nothing to do with rationing, your functions are the control of prices?

Mr. FIELD. We have to do with rationing policy, the task of administration of rationing programs. The other people decide upon these things and we execute them.

Mr. FELLOWS. What do you think about extending the Second War Powers Act, to what date?

Mr. FIELD. I think it should be extended for a year, which I understand was the recommendation made here by Mr. Snyder. I say that because I think that the administration has already abundantly manifested its determination to get rid of each specific control as rapidly as it can. I am not in any position to estimate or even guess how long any specific control may be required.

Mr. FELLOWS. I understood you to say that you thought in June that your services would be no longer necessary as an agency?

Mr. FIELD. No, I did not say that, Mr. Fellows.

Mr. FELLOWS. Then I beg your pardon. I do not wish to misquote you.

Mr. FIELD. I said that Mr. Bowles had testified that he believed that the extension of price control beyond June would be necessary.

Mr. FELLOWS. Would be necessary, and not would not be necessary.

Mr. FIELD. No, that it would be necessary beyond June of next year.

Mr. FELLOWS. I thought you referred to that as the date of the end of it.

Mr. FIELD. I am sorry. I did not mean to give you that impression.

Mr. FELLOWS. That is all for me. I want to thank you.

The CHAIRMAN. Are there any other questions? If not, we are very grateful to you.

Mr. FIELD. I might say that Mr. McCullough is here, and I think he can go into a great many things here which will be of interest to the committee.

The CHAIRMAN. Are there any other witnesses who desire to be heard at this time besides Mr. McCullough? Otherwise, he is the only one that we have for this morning.

Mr. FIELD. Mr. Chairman, I might say that we were planning to have Mr. McCullough amplify the rather brief remarks that I made with respect to title III. Mr. McCullough is Deputy Administrator for Rationing of the Office of Price Administration.

The CHAIRMAN. We will be very glad to hear from him.

Mr. FIELD. That is all I have to present, unless there are some further questions.

Mr. HOBBS. Apparently not. We will be very glad to hear from him.

Mr. McCullough, we shall be very glad to hear from you at this time.

**STATEMENT OF MAX McCULLOUGH, DEPUTY ADMINISTRATOR FOR
RATIONING, OFFICE OF PRICE ADMINISTRATION, WASHING-
TON, D. C.**

Mr. HOBBS. Will you state your name and whom you represent?

Mr. McCULLOUGH. My name is Max McCullough. I am the Deputy Administrator for Rationing for the Office of Price Administration.

Mr. HOBBS. We are delighted to have you here and will be so happy to hear from you.

Mr. McCULLOUGH. We thought it might be useful and helpful if we would comment briefly on some of the things we have attempted to do in the rationing program, when directed to ration by other agencies, bearing in mind Mr. Field's statement that the responsibility for rationing determinations lying with other agencies, and to comment on some of the information that has been given us by supply agencies, as illustrative of the need of continuing the rationing program.

Under the Second War Powers Act and related delegations of authority, the Office of Price Administration has administered 14 rationing programs, covering a larger number of commodities. Between January 1942 and the end of that year, rationing was applied to tires, automobiles, typewriters, sugar, gasoline, bicycles, industrial rubber footwear, fuel oil, coffee, and stoves. In 1943, shoes, meat fats, processed foods, and solid fuels in the Pacific Northwest were added.

These rationing programs were undertaken to meet a variety of war-created goods. The rationed commodities were, in all cases, necessities of civilian life that were available in quantities considerably below uncontrolled civilian demand. In some cases these goods had to be distributed equally among all consumers. In other cases, these goods had to be made available in varying amounts, according to essential needs. In still other cases, the goods had to be reserved entirely for the most essential users.

Several commodities illustrate the gap between available supply and potential demand that had to be bridged by rationing. In the case of automobiles 538,000 new cars were in the Nation's stock pile at the beginning of rationing; these cars, plus those in service, had to cover all civilian needs for four war years, in contrast to three and three-quarter million cars sold in 1941 and 514,000 cars sold in the month of May 1941, alone.

In 1944, gasoline available for civilian purposes was 29 percent below 1941, although war activities would have greatly increased the demand without rationing. Passenger and truck tires produced in-

1944 were about 36 percent of these produced in 1941, stoves less than one-third, industrial rubber footwear about one-half, and shoes about 70 percent. Sugar for civilians dropped about $1\frac{1}{2}$ million tons between these years, leaving about 82 percent of the peacetime amount to meet increased civilian demands. Canned fruit for civilians in 1944 was 41 percent of 1941, canned vegetables 64 percent, and canned juices 57 percent. Meat was generally more plentiful than before the war. The amount available annually was 136 to 147 pounds per capita, with the rate of supply falling as low as 120 pounds at times. This figure was far below the estimated 170 pounds that people would have bought if meat had been plentiful.

Methods of distributing these necessities varied according to the needs of the public. To provide food and shoes on the basis of equal shares, 4 ration books were printed and distributed to our entire population of about 130 million people. In gasoline, this principle had to be modified to take care of needs that varied in essentiality. Each of our more than 23 million passenger-car owners received an A book once a year, while at shorter intervals—usually 3 months—rations were computed and issued for about 9 million B book holders, $5\frac{1}{2}$ million C book holders, and many thousands of operators of trucks, busses, and farm equipment. Fuel-oil rations were issued yearly according to formulas that tailored the ration to the kind of building and its use. Tires, stoves, bicycles, automobiles, and industrial rubber footwear were handled by individual certificates granted on the showing of essential need, a job involving action in some 30 million separate cases a year. Also, food coupons had to be issued at 2-month or 3-month intervals to several hundred thousand restaurants, hotels, bakers, bottlers, canners, and other commercial food users.

In addition to this program of adjusting consumption to equity and need, the rationing system helped to smooth out the difficulties and dislocations that might otherwise have spread throughout our distribution system. Shortages and maldistribution have not always been avoidable. Every rationing program has helped, however, to spread the goods to the areas where they are needed, by spreading the effective rationed demand according to a pattern of need or equal sharing. A number of specific steps have been taken to make this process more effective, such as the regulations covering the slaughter of livestock and the distribution of meat, and the zoning provisions applying to sugar distribution.

Several items were removed from rationing as the committee is aware, even before the end of the war, as supplies became sufficient to allow such a step to be taken safely. These included coffee, bicycles, typewriters, certain kinds of stoves, jams, jellies, dried fruits and beans, and some others. On the day after the Japanese surrender announcement, rationing was ended for gasoline, processed foods, fuel oil and stoves. At the time of writing, the rationing programs that remain are sugar, meats, fats, shoes, and tires.

Mr. SPRINGER. What is the situation, that is, the sugar situation right now? Is there any possibility in the reasonably near future of your doing anything about that?

Mr. McCULLOUGH. My next comment will perhaps answer your question on that. I might preface the comment by saying that what I am giving to the committee here is a repetition of information that has been given to the Office of Price Administration by the supply agency,

in this case the Department of Agriculture. That agency is much better informed on the supply conditions of sugar, and I am sure at the appropriate time, if it has not already done so will give the committee information as to the continued need for rationing of sugar.

Sugar is high on the list of civilian essentials and will be in seriously short supply for a substantial period, certainly well past the beginning of the coming calendar year. Sugar was the first food item to be rationed, in May 1942. Stocks in the United States at the present time are about as low as they have been for the same date for over 10 years. Sugar available in areas which supply the United States is so limited that shipments to us in the next few months will be barely sufficient to meet present rations. Distribution within the country is extremely tight; it has just been necessary to revise and extend the sugar zoning regulations in an attempt to counteract shortages on retail shelves in many areas.

As you will recall, there has been discussed here the matter of the 1,600,000 tons of sugar that has been found in Java, and if this sugar were available for early distribution it would relieve the situation to a marked degree. I believe Secretary Anderson has said it would relieve the situation at such time as the sugar can be brought into this country. I have heard, however, no estimate as to when the sugar may begin to move into this country, or in what quantities it will move, or the total we may receive.

Mr. FELLOWS. I understand we are not going to get all of it.

Mr. McCULLOUGH. I should think we would not receive all of the sugar. Looking beyond 1945, three factors are controlling: the extent to which world production can be increased and larger supplies for this country can be obtained; the level of requirements for liberated areas, for our allies and the armed services; and the quantity of sugar required to meet demand if rationing should be removed. At the present time the prospect for increased supplies seems limited. There is little likelihood that Hawaiian or Puerto Rican production will be greatly increased during 1946. It is too early to tell the extent of the increase in supplies from Cuba. A moderate increase is expected from the three areas. As to the sugar reportedly found in Java, I have already said there is as yet no definite information about what quantity will ultimately be available to the United States and there is little likelihood that enough will arrive to affect our national picture for months at least. In that connection I might say that I am confident that the committee can get from the Department of Commerce much more current figures in regard to this matter than I can give you.

Mr. SPRINGER. Has the recent sugar crop failure in Cuba added to this situation?

Mr. McCULLOUGH. The crop harvest in 1945 in Cuba was a short crop, and it has added to the seriousness of the shortage; yes.

Very preliminary forecasts indicate that the amount of sugar available for civilians in the first two quarters of 1946 may be substantially less than in the corresponding period in 1945 and, of course, very much less than either prewar supply or the amount that would now be needed to meet unrationed demand. The earliest really important increase that might be expected percentage-wise involves the domestic beet crop in the fall of 1946. It has been estimated by the Department of

Agriculture that substantial increases in imports may not be expected until 1947.

Thus the war created shortage that necessitated the introduction of sugar rationing and has justified its maintenance during the last 3½ years is still present, and the public need for rationing has not abated. Until this need is ended, the rationing authority derived from the Second War Powers Act is a public necessity.

Mr. HOBBS. We are certainly very much obliged to you, Mr. McCullough. Are there any questions by members of the committee?

Mr. FELLOWS. Would you give me those figures in this last year as to meat, how many pounds of meat?

Mr. McCULLOUGH. The year I was referring to was 1944, that is the last complete year. The total made available for the year was somewhere between 136 to 147 pounds per person per year. You understand those are the dressed weight, carcass-basis figures, and not the retail trim as the consumer buys.

Mr. FELLOWS. Before the war what did the average person get?

Mr. McCULLOUGH. 1935 to 1939, the average, I believe, was a little less than 126 pounds per person per year.

Mr. FELLOWS. Where has the meat been going? Tell us about that.

Mr. McCULLOUGH. Are you thinking about the year 1945? During this year, of course, the meat supply has been far less than the figure I have given you.

Mr. FELLOWS. Take the fall of 1944, where was the meat going?

Mr. McCULLOUGH. During the fall of 1944 something like 50 percent to 60 percent of the meat was off of rationing, a great many grades and species of meat were removed in the spring, and continued unrationed until just about the first of the year.

Mr. FELLOWS. When I was in Augusta, Maine, last year, the local agency of the OPA gave me the information that they had had a report which shows that something like 80 percent of the meat in New York City, N. Y., was black-market meat; is that true?

Mr. McCULLOUGH. We have heard all kinds of rumors about the black market, of course.

Mr. FELLOWS. This was not just an idle comment; this was the agency giving me the figures.

Mr. McCULLOUGH. I do not believe we have any authentic information that would indicate that the quantity of meat in the black market ever reached that figure.

Mr. FELLOWS. What did you say it was?

Mr. McCULLOUGH. Anything I would give you would be a guess.

Mr. FELLOWS. What do you say about this sugar proposition? What was the basic reason for the shortage? Can you give it to me now?

Mr. McCULLOUGH. I really do not believe I am competent to give you a good answer to it, as I believe you need to get that from the Department of Agriculture, but perhaps I can make one helpful comment on the matter. During 1944 there was a great deal more optimism about the amount of sugar available than during this year, and in that year our rationing program was not nearly as tight as it should have been for the conservation of sugar. It is of course difficult to measure these things as well beforehand as it is afterward. We issued too much sugar in response to requests for sugar for home canning;

that is substantially the fact. There were other factors too, that contributed to our 1945 troubles, such as decreased production.

Mr. FELLOWS. What do you say about the need for price ceilings, and the Office of Price Administration continuing? What would you say in your judgment would be the approximate day when you would say you would do away with price control?

Mr. McCULLOUGH. You are talking now not about the rationing programs?

Mr. FELLOWS. No. I am talking about the price-control programs.

Mr. McCULLOUGH. I am afraid I am not a very good authority to question on that, since I have devoted my attention to rationing.

Mr. FELLOWS. How long have you been with the Office of Price Administration?

Mr. McCULLOUGH. I have been with the Office of Price Administration now about 4 years.

Mr. FELLOWS. You have heard a word dropped here and there; what would be your judgment?

Mr. McCULLOUGH. I think there would be need to continue price control on some commodities past the close of the fiscal year.

Mr. FELLOWS. You mean by that, next June?

Mr. McCULLOUGH. Yes; I would say past next June of 1945.

Mr. FELLOWS. And on what do you base that, Mr. McCullough?

Mr. McCULLOUGH. On the same factors that Field mentioned a few moments ago. It seems to me that there will be some time before durable goods and others items reach a point close enough to demand, to permit price control to be abandoned.

Mr. FELLOWS. However, dealing with rationing rather than pricing, that is what you are.

Mr. McCULLOUGH. We are dealing with rationing; I would say that is a primary thing.

Mr. FELLOWS. What do you say about rationing? In your judgment how long before we can go in and buy all that we want to?

Mr. McCULLOUGH. You could guess as well on that as I.

Mr. FELLOWS. Oh, no. You are an expert on that. That is your business and has been for the past 4 years.

Mr. McCULLOUGH. Well, it is my business, but I certainly did not pass as an expert. I think that there is perhaps a distinction—I would make this observation, sir, just as in the case of price control continuing, I think none of us believe that it is necessary to continue to ration a commodity until there is enough of each type and size to meet every consumer's demand. I certainly do not think, for instance, that shoes should be rationed that long. I think shoes should be rationed until the supply is approximately equivalent to normal demand, not perhaps to the peak demand that you might expect in 1 or 2 months following the termination of the program, but the normal demand, and I think that we are not too far from that point.

Mr. FELLOWS. Give us an approximation, from your 4 years of experience—for instance, what was your business prior to the time you went with the Office of Price Administration?

Mr. McCULLOUGH. Immediately prior thereto, financial director of the city of Dallas.

Mr. FELLOWS. What would be your judgment about shoes? Approximately, when can we call off rationing on shoes?

Mr. McCULLOUGH. That determination will be made, as you know, by the War Production Board.

Mr. FELLOWS. I am not asking for their judgment. I am asking for your judgment as a man who has dealt with this for 4 years consecutively now.

Mr. McCULLOUGH. I should think that we would be able to remove shoes from rationing not later than the first of the year.

Mr. FELLOWS. You would say not later than the first of the year?

Mr. McCULLOUGH. Yes, sir; not later than the first of the year.

Mr. FELLOWS. Supposing we did that right now, what would happen?

Mr. McCULLOUGH. Perhaps some retailers who would not have enough shoes for a while to meet the demand for each type and kind.

Mr. FELLOWS. In that case they would not get them?

Mr. McCULLOUGH. I am sorry; I did not hear you. I beg your pardon.

Mr. FELLOWS. In that case, if I went in and they did not have the pair I wanted I would not get them.

Mr. McCULLOUGH. That is what it would amount to; yes.

Mr. FELLOWS. At what point would it dislocate the situation between now and January 1?

Mr. McCULLOUGH. You mean, how serious would the dislocation be?

Mr. FELLOWS. How would that militate against the public interest? Put it that way, if today rationing was taken off, instead of waiting until January 1, how would that militate against the public interest?

Mr. McCULLOUGH. I am not sure it will be necessary to wait until January 1. I gave you an outside date.

Mr. FELLOWS. You must have in mind certain figures that balance there, that you are anticipating between the demand and production so that you could give us the approximate date of January 1.

Mr. McCULLOUGH. Yes; that is true.

Mr. FELLOWS. Supposing at this moment that it was taken off, the rationing of shoes, would that in your opinion as an expert, militate against the public interest? Why could you not do it now?

Mr. McCULLOUGH. Let us look at the production figures, if you like. In June we produced about 19,000,000 pairs of shoes, in July about 16,000,000 pairs of shoes, in August about 20,000,000 pairs of shoes. We are speaking of the rationed type of shoes. In September about 23,000,000 pairs of shoes. In October the figure will be approximately 27,500,000 pairs to 28,000,000 pair of shoes. Now, normally prewar demand was about the level of 30,000,000 pairs of shoes per month on the average. It varied from month to month, as you know the fall season was the heavy season for buying, summer low—spring is heavy, but assuming that the production continues to accelerate as at present, there would certainly be no general hardship if shoe rationing should be terminated.

Mr. FELLOWS. I did not get your statement there.

Mr. McCULLOUGH. If production should continue to accelerate as it is now there should certainly be no general hardship if shoe rationing terminated within the next 2 months.

Mr. FELLOWS. Supposing this resolution were adopted and passed fixing the date of the termination of hostilities as September 2, what effect would that have upon you and your agency, and your particular duties with reference to it?

Mr. McCULLOUGH. I expect I should ask Mr. Field about that. As I understand it, that would end the authority to ration, would it not?

Mr. FELLOWS. You were talking about title III under the War Powers Act, and that expires, of its own provision, in December. You are asking for certain of the Second War Powers Act to be continued, so that rationing may be continued, and that does not have necessarily any relation to this particular thing because this is simply a resolution to terminate hostilities—is that what you understand?

Mr. McCULLOUGH. I am sorry that I am not able to answer that. I am not familiar with it.

Mr. FIELD. Would you like me to speak to that, Mr. Fellows?

Mr. FELLOWS. Is that not a correct statement?

Mr. FIELD. There is nothing in either the Emergency Price Control Act or in the Second War Powers Act which would be affected by the resolution declaring that hostilities had terminated.

Mr. FELLOWS. That is the way I understand it. So your interest here is really the extension of the War Powers Act that provides you with the power to do the things you have referred to, rather than the passage of the resolution?

Mr. FIELD. That is correct. I would not say that there is not one of the several hundred acts which would be affected by the passage of such a resolution that has no bearing on any of our activities, but certainly as to either of the two acts, I would say that is correct.

Mr. McCULLOUGH. I think Mr. Field can answer these things much better than I.

Mr. FIELD. We are primarily an agency which proceeds under that specific act.

Mr. FELLOWS. Your emergency powers, emergency price control continues until when?

Mr. FIELD. Until the 30th of June unless sooner than that it is declared by proclamation of the President or concurrent resolution by the two Houses of Congress that the continuance of these powers is not any longer necessary in the interest of national defense and security.

Mr. FELLOWS. This particular resolution would not affect it?

Mr. FIELD. It would not affect it; no, sir. Not in my opinion.

Mr. HOBBS. We are delighted to have with us Judge Sumners, the chairman of the general committee. He desires to ask a question.

The CHAIRMAN. I would like to inquire whether you intend to conclude this examination this morning, or are you going on this afternoon?

Mr. HOBBS. As far as the committee is advised, there are several other witnesses, and Mr. Emerson, the general counsel, has advised me that there are other witnesses, and we find them to be very helpful, and I believe we will have to continue for some little time. I will inquire of Mr. Emerson.

Mr. EMERSON. Mr. Chairman, there are two more witnesses to testify with respect to the continuation of the Second War Powers Act. There are two men, one for the State Department and one from the Department of Agriculture who desire to be heard. That would complete the testimony of the Government agencies with respect to the extension of the Second War Powers Act. With respect to the other statutes which have not been touched upon so far, we are collecting the data that the committee requested.

Mr. HOBBS. I might state to you that we will have to have some data on that further along, and we expect to have it toward the week-end. There are indications that that will be rather lengthy in point of time, because there are over 400 separate acts, in order to see whether the effectiveness of those will be affected by the five bills we are considering, it is necessary to give them a careful inspection, even though done as rapidly as possible. It is impossible to analyze those in detail right away, and we have asked them to report in installments so that we might proceed as rapidly as possible.

The CHAIRMAN. We will stand in recess until 2 o'clock this afternoon.

(Whereupon, at 12:30 p. m., the subcommittee recessed until 2 p. m. this day.)

AFTER RECESS

(The subcommittee reassembled at 2 p. m., pursuant to recess.)

Mr. HOBBS. The committee will come to order. We have with us this afternoon Mr. C. W. Kitchen, Assistant Administrator, Production and Marketing Administration, United States Department of Agriculture. Mr. Kitchen, we are very happy to have you here.

STATEMENT OF C. W. KITCHEN, ASSISTANT ADMINISTRATOR, PRODUCTION AND MARKETING ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY G. H. CRAIG, ASSISTANT DEPUTY DIRECTOR, OFFICE OF REQUIREMENTS AND ALLOCATIONS; GORDON PEYTON, DEPUTY ASSISTANT ADMINISTRATOR, PRODUCTION AND MARKETING ADMINISTRATION; AND C. B. NUTTING, ASSOCIATE SOLICITOR, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. HOBBS. Will you give your name and the agency and department that you represent in full so the record will be complete?

Mr. KITCHEN. My name is C. W. Kitchen. I am Assistant Administrator for the Production and Marketing Administration of the United States Department of Agriculture, Washington, D. C.

I have a comparatively short presentation that I should like to read to the committee.

Mr. HOBBS. May I interrupt you there? As I understand it, title III is the only title that the Department of Agriculture is interested in.

Mr. KITCHEN. I think that is correct insofar as this testimony is concerned.

Mr. HOBBS. And the purpose of this testimony this afternoon as I understand it, it is solely with regard to the extension of the Second War Powers Act?

Mr. KITCHEN. That is right.

Mr. HOBBS. And the limited field of the Department of Agriculture is in that it is interested solely in title III.

Mr. KITCHEN. I believe that is correct. If the Department of Agriculture is to carry out its responsibilities in connection with the Nation's food program during the difficult period of reconversion which lies ahead, extension of title III of the Second War Powers Act is imperative. It will be necessary to use the power created by this statute to allocate food because of shortages, both domestic and world-

wide, which are either occasioned or intensified by the needs of national defense and which require the use of the allocation power in order to promote the public interest and for defense purposes.

Since the beginning of the national emergency, the Department has extensively employed the priorities and allocations power. Although it has been our policy not to make use of the power by means of formal allocation orders unless no other course is available, it has been necessary since the beginning of the war to issue 171 basic food orders which, in turn, have required the issuance of approximately 2,000 suborders and amendments. We have exercised the power in this manner for the purpose of providing food for the needs of the armed forces, and of our allies, and in order to distribute the available supply of scarce foods among our civilian population. As rapidly as conditions have permitted, we have modified or canceled these orders and will continue to do so whenever the existence of a sufficient supply of the allocated food makes such action practicable. Today only 48 orders are in force.

Mr. HOBBS. Forty-eight out of one hundred and seventy-one?

Mr. KITCHEN. I might say on July 1 we had 92 in effect so that we have reduced from 92 orders to 48 orders since July 1.

Mr. HOBBS. Can you give us the number in the 2,000 sub-order category?

Mr. KITCHEN. Many actions taken were by way of establishing seasonal set-aside percentages, fixing quota percentages, and amending orders to tighten or relax restrictions. This is a continuing process to meet the needs that we have to meet.

However, it has not been possible to relax or abandon restrictions entirely. In certain instances, it has even been necessary to reimpose restrictions which had previously been suspended or to institute others. For example, although set-aside requirements for beef and veal were suspended on August 17, 1945, it became necessary in order to fulfill our obligations to our allies and to liberated areas, to reinstate the set-aside on the lower grades of such meat on October 12 of this year. On October 2, 1945, it became necessary to institute a set-aside order on certain western apples in order to provide for the needs of the armed services. These are typical of other situations which have arisen, or which may arise, as estimates of available supplies and the needs of various claimants change almost from day to day.

The need for the retention of some of these controls and above all for the retention of the power to allocate becomes evident when the world food situation is considered. Drought over large areas of the world, shortages of fertilizer and draft power, intense military activity during the planting season, and extraordinarily heavy movement of populations have reduced this year's production of food by 10 percent as compared with 1944-45. The world food shortage will be greater during the coming year than during any previous war year. This shortage, which is particularly acute with respect to certain commodities which will be mentioned later, has been intensified by the requirements of national defense.

Although demobilization is proceeding rapidly, we still have a substantial military and naval establishment. The national defense requires that in addition to providing for our military forces and civilians, suitable provisions must be made for our allies and the peoples of the liberated countries. In order to distribute short supplies of

food in such a way as will best serve the public interest and promote the national defense, it will be necessary to make use of the allocation power in several ways.

In the first place, certain commodities which are still in short supply and probably will remain so for some time to come, such as sugar, meat, and fats and oils, must remain under at least some degree of control in order fairly to apportion the domestic supply.

Mr. CHIEF. Right at that point: What is the situation with respect to sugar at this time?

Mr. KITCHEN. I do not know that I can give you a very detailed explanation of the situation. It is my understanding that according to the very best information available production will be only slightly increased in 1946 over 1945. Sugar stocks are much lower than a year ago. Certainly, demand for sugar both in the United States and throughout the world during 1946 will exceed the supply very considerably.

Mr. CHIEF. In your opinion, will it be necessary to continue rationing so far as sugar is concerned?

Mr. KITCHEN. I think it will during 1946.

Mr. CHIEF. That it will be necessary during 1946 or a part of that year?

Mr. KITCHEN. It certainly will be necessary to continue it until the 1946 crop becomes available toward the end of the year.

Mr. HOBBS. Mr. McCullough thought that certainly until the beet-sugar crop came in in 1946.

Mr. KITCHEN. I think that is probably true.

Mr. HOBBS. When will we get the crop of sugarcane sugar?

Mr. KITCHEN. Not until along in December or January. So I think I might state this opinion, which is my own, it will be necessary to maintain some rationing control throughout 1946, because it is unlikely that the sugar situation will be materially improved before 1947.

Mr. SPRINGER. Is that scarcity one that results by reason of the failure to secure transportation, or because of a scarcity of the raw product.

Mr. KITCHEN. It has been largely due to the smaller production during the war. The Philippines and Java and Straits Settlements were heavy producers of sugar before the war and of course their situation affected us.

Mr. SPRINGER. Have we received any of that supply from those countries during the war?

Mr. KITCHEN. We have received none from either the Philippines, Java, or Straits Settlements.

Mr. SPRINGER. That has been cut off entirely during the war.

Mr. KITCHEN. That is correct it has been entirely cut off during the war.

Mr. HOBBS. Mr. Kitchen, what is the situation as to the sugar that was received into our hands and it was referred to a few weeks ago, of a rather substantial amount abroad. Do you recall that?

Mr. KITCHEN. I recall the sugar to which you referred, which was located in the area of Java, I believe, or somewhere in there.

Mr. HOBBS. How much is that estimated that our share will be, if and when we get it?

Mr. KITCHEN. It is my understanding that, based on the present allocation of sugar we probably might get between 700,000 and 800,000 tons of it. I will check that with Mr. Craig.

Mr. G. H. CRAIG. That estimate has gone down to 1,400,000 tons, and I think we might get between 600,000 or 700,000 tons.

Mr. HOBBS. Is there any hope that our share of that will be available to us in the United States in time to assist us before the fall of 1946?

Mr. KITCHEN. That is a pretty difficult question to answer, but in talking to our sugar man about it he said that we had very little information as to just what kind of sugar it was, what degree of refinement, just where it was located, and just what would be necessary in order to get it into ships and over here.

Mr. CHELF. Is that refined or raw sugar?

Mr. KITCHEN. We do not know about that at the present time.

Mr. SPRINGER. I did not get from you what proportionate amount the United States of America will be allocated.

Mr. KITCHEN. Mr. Craig informs me that the total supply is somewhat smaller than previously estimated and instead of 1,600,000 tons it is about 1,400,000 tons, and the probabilities are that we will be entitled to about 600,000 or 700,000 tons.

Mr. SPRINGER. That, of course, would be helpful.

Mr. KITCHEN. Yes any part of it would be helpful.

Mr. HOBBS. I know that the Department of Agriculture is not proposing to be the adviser in medical matters to the Nation, but I am just wondering if you know anything about the consumption and use of saccharin, whether or not it is in the national interest from the health standpoint, whether or not also we will be able to get saccharin to use instead of sugar?

Mr. KITCHEN. I am afraid that is a little bit out of my field. I do not believe any observations that I might make on that would be very helpful to you. I am not aware of what the production of saccharin is in this country at this time. I could secure that information and put it in the record if you wish, though, I think through our Department.

(The information requested is as follows:)

Saccharin is produced by only one company in the United States. Its use in foods shipped in interstate commerce is not permitted under the provisions of the Federal Food, Drug and Cosmetic Act. Since many State laws are formulated along the same lines as the Federal statute, the use of saccharin in foods manufactured and sold within such States would be restricted.

The use of saccharin in certain foods brings about undesirable changes in flavor and color. Saccharin has no food value, and until the demand for it increased because of the sugar shortage, it was primarily used by those who were unable to consume sugar satisfactorily, or those desirous of reducing their caloric intake. There would seem to be no real objection to the use of saccharin in moderate amounts for sweetening coffee or tea at the table, but its use in the home for canning or for making preserves is not recommended.

Mr. HOBBS. I know you people can do almost any job you are asked to. I wish you would. There was a large amount of it used. I was wondering if it were harmful, or beneficial, or neutral?

Mr. KITCHEN. I do not think it is harmful; I have been using some of it myself.

Mr. CHELF. Do you have much sugar in the United States at the present time? Do you have a very large amount of sugar here now?

Mr. KITCHEN. Our sugar stocks are very low. I think they are

about the lowest in our history. I might say that if a more complete statement is desired on the sugar situation, I can arrange to have that included in the record.

(The following statement was later submitted:)

Sugar stocks in the United States reached a peak of 2.11 million tons on January 1, 1943. By January 1, 1945, they had been reduced to 1.2 million tons. These are the smallest for January 1 since comparable records became available, and are below the minimum necessary to maintain equitable distribution in this country. Sugar stocks in this country normally reach a seasonal low point about October 1 each year. On October 1, 1944, stocks amounted to slightly less than 0.5 million tons, 45 percent less than a year earlier and 53 percent under the 1935-39 average. Consumers began to experience difficulty in obtaining sugar in certain parts of the country during the fall of 1944. This difficulty is continuing.

Sugar production in 1945-46 probably will be somewhat larger in most countries than it was this year. However, several years are likely to elapse before the world crop reaches its prewar size and stocks regain commercially desirable levels. Consequently, world sugar supplies in 1946 probably will continue short of demand at present prices.

The crop in Cuba in 1945-46 should be somewhat larger than it was this year, although smaller than in 1943-44, if normal weather prevails for the remainder of the growing season. Although the drought in 1944 and early 1945 will have some adverse effect on the growth of cane in 1945, because of damage to the roots which remain in the ground several years, the effect probably will be less than on this year's crop. Cuba now has about 2.6 million acres in cane, compared with an average of 2.2 million acres for 1935-39.

Beet-sugar production in the United States is likely to be larger in 1946 than in recent years. Increased mechanization, a desire to return to normal crop rotations, and a larger price support payment will encourage farmers to plant a larger crop of beets. Production of cane sugar in continental United States was reduced somewhat in 1944 by adverse weather. Consequently production in 1945 may be somewhat larger, but the difference will be small relative to the need for sugar, because production is small relative to other areas.

Beet-sugar production in western Europe probably will be somewhat larger in 1945 than it was last year and should increase further in 1946, as this area recovers from the effects of the war. Assistance in obtaining needed fertilizer, machinery and other supplies would doubtless add appreciably to the quantity of sugar produced in the next few years. This would indirectly increase the quantity of sugar available to the United States by lessening the quantity taken from the Caribbean to Europe.

Puerto Rico produced a relatively small crop of sugar in 1943-44 and largely because of a lack of fertilizer and adverse weather. The 1944-45 crop was nearly normal in size, in spite of labor difficulties. Some further increase is probable next year, although the quantity will be small relative to the demand for sugar. Production in Hawaii has declined slightly from its prewar level. The lack of additional suitable land probably will prevent production from increasing materially.

Production of cane sugar in Australia increased considerably in 1944 and further increases appear probable, as more fertilizer and labor became available. Much of the increased production would be for export to Europe and Asia. This would decrease the quantity of sugar which Europe would need from Cuba.

The sugar industry in the Philippine Islands was practically eliminated under Japanese occupation. In prewar years, the islands exported nearly a million tons of sugar per year, nearly all to the United States. The Japanese apparently were not interested in obtaining sugar from the Philippines, because they had adequate supplies from Formosa and other sources. They were interested in increasing the production of rice and cotton, and encouraged the growing of these crops on lands formerly used for sugarcane. No sugar can be exported from the Philippines in 1945 and relatively little in 1946. However, production and exports should increase rapidly after 1946, as fertilizer, machinery, and equipment become available for the rehabilitation of the industry.

The War Department has notified Secretary of Agriculture Clinton P. Anderson that United States Army authorities in the Pacific area have confirmed the existence of sugar stocks in Java. About 6 weeks ago an estimate of 1,600,000 short tons was reported for Java supplies. Current estimates from Army sources

place the amount of sugar now in bags in Java at about 1,000,000 metric tons. An additional 400,000 metric tons are reported by Dutch authorities to be in bins. This total is equivalent to 1,600,000 short tons, as earlier reported.

Secretary Anderson has warned that, due to internal difficulties in Java, it is impossible to forecast when the sugar will be available for export.

It is reported that production in Java has declined steadily during the war years, with only 500,000 tons produced in 1944.

Mr. HOBBS. Just as you please about it. You have the privilege of revising and extending your remarks. We should be glad to have it, of course. When you get to them in the next week or 10 days, you may do whatever you care to about that.

Mr. CHIEF. The reason I asked that question, I have the case of a dealer down in my district who, in compliance with the directives of the Office of Price Administration saved on his sugar bank a considerable amount of reserve sugar, and in trying to provide and build up that reserve under the existing regulations he used Cuban sirup to try to make it do as best he could. Then, suddenly, there came out an order that he could not claim that sugar due to the fact that there was such a shortage, and the further statement that he could no longer secure the Cuban sirup. Certainly, he will be forced to close his doors and abandon his business on November 1. He is in a critical situation. After much investigation and looking about he told me that he had found some very large quantities of rawsugar in the range of 30 miles from some wholesalers who had purchased this raw sugar, and he wanted to purchase it and they wanted to sell it, because there was nothing they could do with that sugar. The fellows seemed to have it on hand and could not sell it and he wanted it and could not get it—I think it was raw sugar, and he had the facilities necessary to refine it and use it. I am wondering if here we have an abundance of raw sugar on hand, and it seems to me an answer to a situation like that, to a man that on November 1 will have to close his doors, it looks to me like rationing is not working very well.

Mr. KITCHEN. I cannot very well comment on that at the moment. I am a little surprised that wholesalers would have raw sugar on hand.

Mr. CHIEF. He told me that they cannot even use it.

Mr. KITCHEN. Had he exhausted his ration points?

Mr. CHIEF. No. As I understand it he is not interested in that angle, he has plenty of them. As to the raw sugar no one is interested in it at all, and he wants it and needs it and he cannot get it.

Mr. KITCHEN. What can he do with the raw sugar?

Mr. CHIEF. He has the necessary facilities to refine it and use it in his bottling plant. He makes Dr. Pepper and Pepsi Cola and a number of other brands, I do not know the exact brands, but he is a general bottler.

Mr. KITCHEN. Has he used all of his ration points? Do you know?

Mr. CHIEF. Not as I understand it. He has those in reserve, and they stopped him from using them, saying there was no more sugar available. He has had his sugar bank; built up to a fairly decent extent if he could draw on that, but the Office of Price Administration says he cannot draw on it. He cannot get any Cuban sirup, or any from his bank supply, and now he has the opportunity to buy this raw sugar and he cannot buy it. Under those circumstances it does not seem to me that rationing is doing him very much good. It is putting him out of business on November 1.

Mr. KITCHEN. It is not our problem apparently. It must be the Office of Price Administration's problem, because if he has the ration points I do not see why he cannot get the sugar.

Mr. CHELF. I do not want to go outside of your realm, but frankly, if you have any suggestions that you might offer that might suggest an answer to this I would like to have them.

Mr. KITCHEN. I do not at the moment, but we would be glad to check it up with the Office of Price Administration and with our own sugar people and see if anything can be done, but if he has the sugar points it is not clear to me why he cannot get the sugar. If you care to give me the name later or tell me his name now, we will look into it and see what, if anything, can be done.

Mr. CHELF. I will be very happy for you to do it. The name is the Greensburg Bottling Co., Greensburg, Ky., and the name of the man is Gabe Taylor.

Mr. KITCHEN. Have you had it up with the Office of Price Administration?

Mr. CHELF. Yes. We have been working, I think for some little bit, and have not gotten very far. I know several other Congressmen who have had similar experiences. The point I am trying to make is this—that sort of thing is what creates public resentment against the rationing program.

Mr. KITCHEN. I agree with you. You do not know whether he is actually applying for more ration points?

Mr. CHELF. I do not think that is the case where they cut him off from his bank that he had built up. He was using Cuban sirup in order to save his points, and do his best as he could to create a surplus in his sugar bank, and now the Cuban sirup is no longer available, and when he wanted to call on his sugar reserve they would not let him do that, and when he wanted to purchase this raw sugar which these people had no use for they would not let him do that.

Mr. KITCHEN. If he has the points I think we can help him get the sugar.

Mr. SPRINGER. I might say at this point that we have three or four cases in my district in Indiana where that same condition prevails.

Mr. CHELF. This man works a lot of people in that small town. It is a small bottling concern to many, but to that man and to that community it is one of the very few places that employs people, and that is one of the many, many problems we are confronted with.

Mr. KITCHEN. Of course, we have had many inquiries on the same subject, particularly during the heavy canning season when milk condensers were trying to take care of the biggest flow of milk in the United States that we have ever had. When you are dealing with a problem like this and you do not have sugar to meet the demand it is very difficult. We should like to take care of all of them, but we have to do the best we can.

Mr. SPRINGER. One of the biggest problems was in my congressional district where there were three different areas for the allotment of sugar and in one of them they gave 15 pounds and another they gave 5 pounds, and in another they gave 8 pounds. Of course, that caused considerable confusion and considerable resentment in two of those districts, the ones where they gave the 5 pounds and the 8 pounds.

Mr. KITCHEN. We will try to assist you in any way we can, but I am assuming that you either have had or will have these things brought to the attention of the Office of Price Administration. We will look into this particular case.

Mr. CHIEF. I would be glad if you would. It is very important to me, and I would like to see something done.

Mr. KITCHEN. We are talking about the necessity of keeping these powers. Whether that control is exercised through rationing by OPA pursuant to directives from this Department, through allocation orders issued directly by us, or by the use of both methods will vary from one commodity to another. However, if we are to distribute the scarce commodities fairly among our people, some control must be used. Regardless of the method of control used, it will be necessary to continue the Second War Powers Act since the authority to ration and the authority to issue War Food orders are both derived from the same provision of the statutes.

It may also be necessary to provide for the needs of our military forces and the fulfillment of our obligations to our Allies and the people of liberated countries by the continued use of set-aside orders.

Mr. HOBBS. May I ask you there with regard to salt pork and lard, do you happen to know about that?

Mr. KITCHEN. Mr. Chairman, do you mean as to the general situation?

Mr. HOBBS. I mean as to the restoration of the set-aside order.

Mr. KITCHEN. The set-aside order on meats that I referred to applies only to beef, mutton, and veal. Of course, you know, Mr. Chairman, we have had a very difficult pork situation.

Mr. HOBBS. You have been very helpful, and the gentlemen in your outfit that have been handling it have done a good job, the very best that they could do in my judgment, but I was wondering if this restoration of the set-aside order had applied to these two commodities. I did not think they were, so far as my information went.

Mr. KITCHEN. We still have a set-aside order on lard which is applicable in 19 States in order to fill our requirements for foreign relief. I do not know just how soon that can be taken off, but we hope as soon as the supply of hogs begins to come in their regular seasonal movement in the latter part of this month and December that there will be a larger supply of pork and lard available. It has been particularly difficult this year in the South. The chairman will recall about 6 or 8 weeks ago we had about 12,000,000 pounds of salt pork cleared for lend-lease, and because of the urgency of the fact that pork available during the cotton-picking season in the South was so short we made arrangements to turn that 12,000,000 pounds back to the firms that sold it to us with the stipulation that it be sold to the cotton pickers in the South, ultimately.

Mr. HOBBS. That was not only for cotton picking but the operation of sawmills and in the mines.

Mr. KITCHEN. Yes; that general purpose.

Mr. SPRINGER. So far as pork and lard are concerned, to what extent are shipments being sent abroad at the present time?

Mr. KITCHEN. I think practically none. We are clearing up some stocks previously obligated. Most of the meat that is going now is beef, going in frozen form, I think something like 15,000,000 pounds

are being canned. The remainder of the canned meat for foreign claimants will come from previous stocks and contracts held by the Army or the Department of Agriculture.

Mr. HOBBS. That is going to the civilian population or to our troops?

Mr. KITCHEN. That is to the civilian population, and is being bought by the importing government. A large share is going to the United Kingdom. Since lend-lease has been discontinued financial arrangements were made for the payment.

Mr. FELLOWS. So that we have actually gotten paid for it?

Mr. KITCHEN. Financial arrangements of some kind have been made in that regard.

Mr. HANCOCK. I am interested in apples. Some years we have a big crop and some years we have a small crop.

Mr. KITCHEN. Are you talking about our controls or the ceiling price?

Mr. HANCOCK. Both. They cannot be governed by the laws of man, but by the laws of nature.

Mr. KITCHEN. We have about half the normal crop. There is a good crop on the Pacific coast, in the Pacific Northwest, but the eastern crop is very poor.

Mr. HANCOCK. We have a poor crop in the East.

Mr. KITCHEN. Well, I am not familiar with all the details concerning the considerations and problems involved. I am quite sure that most of the apple people themselves do not feel it would be good for the industry to take off price control now.

Mr. HANCOCK. If we must have price and rationing controls over apples at this time we will need them forever, that is what I am being bothered about.

Mr. KITCHEN. I would hardly think so. We are still in a national emergency, and we have not been able to adjust ourselves from these war conditions yet. I certainly hope that we will not have price control very long.

Mr. HANCOCK. It seems to me that the same argument that is made by you today could be made 10 years from now just as well. Some years we have big crops and some years we have poor crops.

Mr. KITCHEN. Of course that gets us into the whole question of high policy and what the administration wants to do to keep prices in hand. Just using as an illustration here the apple situation. We had to put in a set-aside order on October 2 when we were trying to get out of this business of issuing these orders, in order that the Army might get the sizes and varieties of apples that they wanted. That is the limitation you see. It is a good illustration of strong demand; everything is at the ceiling, and in many cases perhaps above the ceiling.

Mr. FELLOWS. We have had early freezes when we were not at war, a freeze of last spring, I do not know what that has to do with the war situation.

Mr. KITCHEN. That is true, but we are still dealing with an emergency situation, where the Government attempted to keep prices from going too high during the emergency situation. However, we are having a very interesting conversation, but the question of price control is not germane to the subject we are now discussing—the extension of the Second War Powers Act does not apply.

Mr. FELLOWS. We had the Office of Price Administration man here this morning talking about prices. He thought so. Apparently you differ with him.

Mr. KITCHEN. That comes in under another act.

Mr. FELLOWS. No; under title III. We had the chief counsel himself advocating the extension of the Second War Powers Act.

Mr. KITCHEN. For the purpose of keeping up price control?

Mr. FELLOWS. No; for the purpose of keeping up rationing.

Mr. KITCHEN. Rationing. I thought we were discussing the price regulations when you were talking with respect to apples.

Mr. HANCOCK. The two are pretty closely related. What bothers me is when will we get rid of all these regulations, when will we do that?

Mr. KITCHEN. I think the general policy has been stated by Mr. Bowles, perhaps by Mr. Snyder also, that whenever the supply situation reaches a point where it can meet the demand without successive rise in price, price regulations may be removed. Certainly with respect to apples it is.

Mr. HANCOCK. And take crop restrictions, they will be removed also?

Mr. KITCHEN. Whether there will be any further imposition of price regulation will depend on the action Congress takes.

Mr. HANCOCK. You do not know whether they will be imposed again after they have been taken off?

Mr. KITCHEN. That will be entirely up to Congress.

Mr. HOBBS. Is your apple man here today, Mr. Kitchen?

Mr. KITCHEN. No; we have no one here who is particularly acquainted with apples. If you want a further statement as to why there is a price ceiling on apples I will undertake to develop that somewhat further for you. But I think that the factors I have stated are the principal factors that have been taken into consideration.

Mr. FELLOWS. We have these E bonds. I do not know how many, but some \$40,000,000 of them. They can be turned into cash?

Mr. KITCHEN. Yes; they can be turned into cash.

Mr. FELLOWS. What troubles me is: How are you going to find your balance between production and purchasing power? I do not see how you come to that ever, when you can go out and cash in bonds to that extent.

Mr. KITCHEN. I think when production reaches the point that it is equal to demand, we won't have to worry about the movement of prices upward.

Mr. FELLOWS. How are you going to figure that out? Or, are you going to wait until you reach a certain point and then say, "Here it is?"

Mr. KITCHEN. During the operation of the Price Control Act that has been the procedure.

Mr. FELLOWS. Then when you find the situation has arrived, then we can take these things in the usual way from then on?

Mr. KITCHEN. A number of price regulations have been canceled. The proper basis will be one for Congress to determine as to whether they want to continue with price control or not.

Mr. FELLOWS. It is a good big proposition for me. I am just a countryman and I am not able to match my powers with all of these experts on anything for that matter, but they tell us at some time,

nobody knows when we will have the time, we will find a place where all these things can go, just as I suggested at the start of these things, I could not think of anybody who will be inclined to believe or admit that any agency would come in here—I just cannot believe that anybody would be so simple as to believe that—and say that the time has come for them to be abolished. That has been the experience of all of us here, there has not been one of them except the solid fuels man who said that may be by next April.

Mr. KITCHEN. Our principal interest in this subject that you have under consideration is in connection with the distribution of the food supply. I can assure you gentlemen that from the Secretary down in the Department of Agriculture we are anxious to get out of this business of regulation as fast as we can and as much as we can. We think what we have done since the 1st of July is evidence of that position. We have reduced these orders from 92 to 48, and we will take them off whenever we feel they are no longer needed. I should like to say that none would be needed after December 31, but the food supply is such that they are needed after that.

Mr. FELLOWS. December 31, 1945?

Mr. KITCHEN. December 31, 1945. We have a number of these orders which will have to be carried into 1946 at least or we may seriously disrupt our food supplies, particularly imported and exported commodities.

Mr. HOBBS. You have 48 which are now in operation?

Mr. KITCHEN. That is right, Mr. Chairman, 48 which are now in operation.

Mr. HOBBS. When was it that there were 92?

Mr. KITCHEN. There were 92 on July 1 of this year.

Mr. HOBBS. I would like to state for the benefit of you gentlemen that the testimony was that there were 171 and now there are only 48, and since July 1, 1945, they have been reduced from 92 to 48.

Mr. SPRINGER. Those are rationing orders.

Mr. KITCHEN. No; they are not rationing orders. These are, for example, what we call set-aside orders with processors who were instructed to set aside for sale to the Government the amount that is necessary for the Army and Navy to meet their own supply problems and in order that we may fill our lend-lease orders. There are other types of orders wherein we limit the use of a commodity. For example, linseed oil is short. I think the limitation imposed is now 75 percent of 1941, and it may be used in manufacturing paint and protective coatings only to that extent. There are other things accomplished by orders controlling commodities in short supply, and unless we place some limitation upon use large firms will get too much and small people will get little or nothing. Throughout this whole operation there has been an attempt to try to get an equitable distribution of these supplies during the war period. As soon as these supplies reach the point where there is a reasonable quantity for everybody we have no desire to retain the regulation any longer, and I do not think anybody in our organization does. I do not have much more, Mr. Chairman, if I may proceed.

Mr. HOBBS. Will you proceed now with your statement?

Mr. KITCHEN. It has been pointed out that we have been compelled to restore the set-aside orders on the lower grades of certain meats and institute one on apples, and it is possible that such action will

have to be taken with respect to some of the other commodities in short supply, although we cannot tell precisely the extent to which this may be the case. It may also be necessary in certain instances in which commodities are involved which are produced in a short seasonal period to adopt the set-aside technique in order to supply a calendar year's governmental demand.

The Government will also be required to continue in effect the system of export licensing controls which is based upon and is guided by domestic allocations. Only by means of such controls it is possible to regulate procurement by foreign countries which, if uncontrolled might unduly deplete supplies for use in the United States and also result in the inequitable international distribution of foods in short supply.

I might point out, sir, that during the period of lend-lease the War Food Administration—now the Department—did the buying. Now our policy is to let the foreign governments take over the buying with approved dealers in this country as rapidly as possible, but when you have a short supply of a commodity, and the world supply has been divided up among the various countries, if we would allow a half dozen people to come in here and go into the market and compete with each other we might have a pretty disturbed situation. All we are trying to do there is to see to it that we get out of this business of buying just as rapidly as conditions will permit us to.

Mr. SPRINGER. Are any lend-lease funds being used in the paying for these commodities?

Mr. KITCHEN. No; no lend-lease funds are being used.

Mr. SPRINGER. When was that discontinued?

Mr. KITCHEN. That was discontinued on September 1. Since that date procurement has to be arranged for by these governments through arrangements with our Government, or the use of moneys that they have on hand.

Mr. SPRINGER. In any event, they are required to pay for the commodities that they procure?

Mr. KITCHEN. That is the way it is being done now.

Mr. FEIGHAN. Who gives the authority for the foreign government to come in and purchase?

Mr. KITCHEN. For many of those commodities we go through the process, of dividing up the available supply; that is, so much may be set aside for the Army and Navy, and other governmental agencies, so much for various foreign governments, so much for the United States civilians; after that has been determined allocations are made, for instance the United Kingdom has been allocated a certain quantity.

Mr. FEIGHAN. Who allocates them that quantity?

Mr. KITCHEN. That is handled in the Department of Agriculture. The Secretary of Agriculture has that authority. Just another case of trying to divide up what there is as equitably as possible among all the people that need it.

Mr. HANCOCK. The Secretary of Agriculture determines how many may have certain apples and how many people may have other apples. That one man decides?

Mr. KITCHEN. It has to be done somewhere. And it has been done by the Department.

We must also continue a system of import controls since the high price level in the United States for some commodities would draw to

this country foreign supplies of foods of which there is a shortage and for which there is more urgent need in various Allied and liberated countries than in this country. Also, import controls enable us to obtain imported commodities in the forms desired, as for example sugar as sugar rather than as candy or similar products.

In connection with the world food situation, it should be pointed out that the domestic allocations system which, as has been said, is carried on largely through allocation orders issued under the Second War Powers Act, constitutes the basis for implementing international agreements on the world distribution of scarce foods. If we are to obtain our fair share of foods in short supply which are not produced to a sufficient extent in this country, we must be able to make available to other countries supplies of which we have a quantity sufficient for export. For example, control over the distribution and export of domestically produced fats and oils is essential in order to negotiate with foreign countries for urgently needed imports of foreign oils which are in world short supply. Similarly, it is only through the use of the allocation power with respect to domestically produced foods that we can be assured of fulfilling our essential requirements for such commodities as sugar, cocoa, spices, and various "essential oils."

Although, as has been said, we are removing controls from commodity after commodity as soon as it is possible to do so and, although it is our firmly established policy to continue to do so, we feel that it is essential to have the power in case of necessity, not only to retain some of the controls which we now have but also possibly to impose others. By that I do not mean any additional powers than those contained in the Second War Powers Act, but to retain some of the orders that we now have, and if necessary to institute some others.

Mr. FELLOWS. Are we exporting any sugar today?

Mr. KITCHEN. From 20,000 to 25,000 tons, something like that, very small, Mr. Craig tells me.

During the reconversion period, it is just as necessary that our people be adequately fed, our military forces properly supplied, and our allies provided for as it was during the period of actual hostilities. We cannot accomplish these ends unless we have at our disposal the allocation powers which we have authority to exercise under the Second War Powers Act. Therefore, it is urgently recommended that title III of the act be extended.

Mr. HOBBS. With reference to price control, as I understood from you the Agriculture Department has nothing to do with that except through some of its subsidiaries?

Mr. KITCHEN. Well, the Secretary of Agriculture is named in the act and given certain responsibilities under that act, but what I had reference to, Mr. Chairman, was that the question of price regulation is in a separate statute and not in the Second War Powers Act, and I presume the question of extending the Price Control Act beyond June 30 will be taken up by Congress at a later date.

Mr. HOBBS. So there is no reverting to the apples question, you gentlemen could not tell us how many cents a bushel or any similar measure of apples, how many cents per bushes was allocated in the price that was fixed?

Mr. KITCHEN. Mr. Chairman, no; I am not familiar with all of the details of that regulation.

Mr. HOBBS. If a hauler of farmers' trucking trucks this in, he would receive a certain amount?

Mr. HANCOCK. Did you never hear of the Hobbs antiracketeering bills?

Mr. KITCHEN. I have heard a little about them, but I am not quite sure to what the chairman referred.

Mr. HOBBS. For a while it was only 3 cents a crate or whatever that was, but I understand that since then it has been raised to 50 or 60 for a light or heavy truck, and that possibly that means the amount was doubled later on. I just wondered if you had any information on that subject?

Mr. KITCHEN. No; I do not think we are prepared to be helpful to you on that at all.

Mr. HOBBS. You think that would be something that would come under the OPA?

Mr. KITCHEN. I think that would be something coming under OPA Distribution figures might be useful in determining the maximum price and may have been considered in arriving at the maximum price that should be allowed for apples this year.

Mr. FELLOWS. To whom did you export that sugar today?

Mr. KITCHEN. Can you answer that, Mr. Craig?

Mr. CRAIG. It is a very small quantity, 25,000 tons mostly as a matter of convenience in the international distribution of sugar rather than going out from Cuba it just happened to be easier for it to go out from here. I know that some very small quantities have been sent to particular spots or may go in the future to some particular place in Europe in 1946, but it is only two boat loads all together that are likely to go this quarter.

Mr. HOBBS. Is that for the civilian population?

Mr. CRAIG. I think that some of that is for civilian use. I believe our Army used it in one place where they were doing the feeding.

Mr. HANCOCK. That would be our own cane sugar?

Mr. CRAIG. That would be some of the sugar that comes up from Cuba and is then transported through United States ports.

Mr. SPRINGER. That is sugar that we have bought and that has come into this country?

Mr. CRAIG. That is what it amounts to.

Mr. SPRINGER. And that is approximately 25,000 tons that has been sent abroad for civilian population, do we sell it to those countries or how is that transaction transacted?

Mr. CRAIG. We sold it to other countries, in this case it would be cash to us, and it would be through credits which have been arranged by those countries in most cases.

Mr. KITCHEN. That would all be provided for in the international allocation with the world supply of sugar which has been divided up among the various countries.

Mr. SPRINGER. The thing that was disturbing me was our present great shortage and still sending out of this country a tonnage for civilian use.

Mr. KITCHEN. That would not be charged against the quantity allocated to the United States—in other words, we would not be selling

part of our sugar. Is that right, Mr. Craig? It would simply dividing it up equally as it had been planned?

Mr. CRAIG. Yes. This 20,000 tons happens to be very small in relation to the amount of almost 5,000,000 tons used by civilians in this country annually. It just happens that in the international allocation recommendation that this amount is delivered through the United States.

Mr. FELLOWS. What is the sugar shortage in this country?

Mr. SPRINGER. And what is the normal amount that we consume?

Mr. CRAIG. I can tell you in terms of pounds per capita. We ordinarily use about a hundred pounds per capita. We are now using is at the rate of 72 pounds, so that gives us a range of 72 percent of our normal use. Actually, if the people were able to buy as much sugar as they would like to have they would be taking from 105 to 115 pounds per capita.

Mr. KITCHEN. Of course, the per capita consumption of other parts of the world is down also.

Mr. HOBBS. We are very much obliged to you for your statement, Mr. Kitchen.

We understand that the State Department desires permission to file a statement in lieu of testimony of their wants, so without objection that is agreed upon and permission is granted.

There are no further witnesses this afternoon so we will adjourn to meet on call.

(Whereupon, at 4:30 p. m., the subcommittee adjourned to meet at the call of the chairman.)

(The following matter was presented for the record:)

WAR SHIPPING ADMINISTRATION,
Washington 25, D. C., October 29, 1945.

HON. SAM HOBBS,
House of Representatives.

DEAR JUDGE HOBBS: It has come to my attention that the subcommittee of which you are chairman, of the House Judiciary Committee, is presently considering certain legislation which would extend the Second War Powers Act.

During the course of hearings it was noted that the War Shipping Administration had certain problems in connection with extension of title I of the act. I am enclosing copy of the letter addressed to Mr. Snyder, Director, Office of War Mobilization and Reconversion, which sets forth in some detail the problem concerned in the extension of title I of the Second War Powers Act. I would appreciate it if you would see that this letter is inserted in the record.

Sincerely yours,

E. S. LAND, *Administrator.*

OCTOBER 26, 1945.

HON. JOHN W. SNYDER,
Director, Office of War Mobilization and Reconversion,
The White House.

DEAR MR. SNYDER: I am informed that you are to appear before a subcommittee of the House Judiciary Committee, Friday, October 26, 1945, relative to an extension of certain provisions of the Second War Powers Act. I understand that no extension of title I is contemplated. I am taking the liberty of calling to your attention certain problems having an important bearing on the orderly reconversion of business in general and shipping in particular, which require that consideration be given to the question of the extension of title I.

The War Shipping Administration, in an effort to assure the orderly resumption of intracoastal water services, thus aiding to cushion the shock for shipping and related industry, and national reconversion policies, under the date of September 17, 1945, received temporary authority from the Interstate Commerce Commission to operate as a common and contract carrier in coastwise and

intracoastal service. This was granted pursuant to title I of the Second War Powers Act.

A complete statement of the reasons for this action are set forth in a copy of my letter to Mr. John L. Rogers, Chairman of the Interstate Commerce Commission, under date of September 4, 1945, a copy of which is attached.

The authority granted by the Interstate Commerce Commission to War Shipping Administration is temporary in nature and expires on December 31, 1945. Copy of authority is attached hereto.

With the expiration of title I of the Second War Powers Act, the Interstate Commerce Commission will have authority to grant similar temporary certificates under section 311 of the Transportation Act of 1940. This section, however, states that such "temporary authority shall be valid for such time as the Commission shall specify but not for more than an aggregate of 180 days * * *." While it is possible that the periods of temporary operation pursuant to certificates granted under the authority contained in title I will not be counted by the Interstate Commerce Commission in arriving at the 180-day period, the question is not altogether free from doubt. It appears certain that the complex problems involved in the orderly resumption of the coastwise and intracoastal service will require more than the time which would be available to the War Shipping Administration if the period of temporary service allowed under the recent decision of the Interstate Commerce Commission is included in arriving at the 180 days allowed under section 311 of the Transportation Act of 1940.

It is essential therefore that if the Congress decided that title I should not be extended that it provide that the period or periods of operation under temporary certificates issued during the period in which title I of the Second War Powers Act was in existence shall not be included by the Interstate Commerce Commission in computing the 180 days under section 301 of the Transportation Act of 1940. Such a provision would, in the opinion of the administration, clarify existing law.

Sincerely yours,

E. S. LAND, *Administrator.*

WAR SHIPPING ADMINISTRATION,
Washington, September 4, 1945.

Hon. JOHN L. ROGERS,
Chairman, Interstate Commerce Commission,
Washington, D. C.

DEAR MR. ROGERS: The purpose of this communication is to respond to the objections raised by the Association of American Railroads to the War Shipping Administration application for an emergency certificate of necessity permitting operations in the coastwise and intercoastal trade. I have not seen a copy of the objections which were filed this morning but I am advised by our general counsel that the opposition appears to be founded primarily on the assumption that there is no immediate and urgent need for such operation. It is a matter of deep regret to me that at the very first opportunity following the close of hostilities the railroads have adopted a narrow point of view reminiscent of the dog-eat-dog philosophy which so adversely affected their own interests as well as those of the water carriers during prewar days. I hope that their oppositions are based upon a misunderstanding of our intentions and objectives. In any event, this would seem to be an appropriate occasion to set forth some of the broad considerations underlying this problem.

1. The basic facts as to the coastwise shipping will be found in the Economic Survey of Coastwise and Intercoastal Shipping, issued by the Maritime Commission on March 15, 1939. Before the war our coastwise and intercoastal shipping constituted about 70 percent of our entire oceangoing merchant marine. Out of about 11,000,000 dead-weight tons of shipping in 1939, only about 3,000,000 tons were engaged in the foreign trade. The bulk of our shipping resources was engaged in domestic trade and did not receive Government subsidies. While we hope to increase our foreign shipping, it is obvious that we must always rely upon our unsubsidized domestic trade for the bulk of our national defense shipping reserves.

2. Shortly after the outbreak of World War II, our domestic shipping resources were drafted for war service. With few exceptions—such as the coastwise coal trade and services to our island possessions—existing domestic services were suspended. The vessels and their personnel and management were transferred

to active war service. The functions of these vessels during the crucial period of the war and the heroism of the crews in all zones of war are well known. The domestic business of the companies was completely disrupted, interior offices were abandoned, traffic departments were discontinued, soliciting of cargo and trade contracts ceased, and their transportation business was transferred to the rails. For over 3 years, the steamship industry unhesitatingly and wholeheartedly cooperated in these measures, no matter what sacrifice was involved. These companies and their employees are therefore entitled, as a matter of fundamental fair play, to comparable treatment of the returning servicemen. They should be rehabilitated, have their trade back, their jobs back, and an opportunity for future progress. They have earned these opportunities and the Government should exert every effort to see that they are received.

Objections from the railroads come with bad grace. The rails were not asked to abandon their business to competing transportation. They benefited by the misfortunes of the water carriers. They maintained their staffs and their traffic departments and they increased their trade contacts. According to 1944 OPA studies, their net income rose 1,700 percent during the war period. Without reflecting on the fine job performed by the rails, their position in this case seems merely to represent an effort to retain a wartime windfall based on the misfortunes of their competitors.

3. The need is urgent and immediate. The United States now owns about 5,000 vessels, aggregating over 50,000,000 tons dead-weight and representing an investment of over \$15,000,000,000. Our prewar fleet has quadrupled. VJ-day has confronted us with a serious crisis of idle ships and idle men. Hundreds of vessels must be laid up. Of our 240,000 seamen, thousands are faced with loss of employment. Stevedores, ship-repair, and other industries dependent upon shipping are confronted with drastic reductions in operation. The Government is faced with the necessity of finding cargoes for large numbers of vessels now in the Pacific which must be brought to the Atlantic for lay-up so as to avoid ballast voyages which will entail heavy losses. Early and orderly resumption of intercoastal services will help to cushion the shock for shipping and related industries and promote the national reconversion policies. This problem is thus intimately connected with the whole question of reconversion.

4. The transportation need of the shippers is equally urgent. It is obvious that whenever a major transportation facility is forced to suspend operations for reasons beyond control, there immediately arises an urgent need for resumption of such service. Thus, if all the transcontinental railroad carriers had been forced to suspend operations during the war, we all would concede that there was a need for a resumption of service as soon as possible. This is also true with respect to water transportation which, as indicated in the economic survey, has been the medium for transportation of about 125,000,000 tons of cargo per annum. The fact that war conditions have prolonged the suspension for over 3 years does not make the shippers' needs any less urgent or immediate, but only more acute. An undernourished person continues to have an urgent need for ample food even if he may be forced to continue indefinitely on half rations. The shippers who have normally relied upon the lower costs and other benefits of water transportation but who because of war conditions were forced to pay the higher costs of rail transportation and who are now confronted with the many complications of reconversion, obviously have urgent need for the prompt restoration of their prewar water services.

It is of no significance that railroads may have the physical equipment to handle this transportation, even if this be the case, which is not conceded. The War Shipping Administration now has sufficient vessels to handle all transcontinental cargo by water, yet the WSA does not suggest because of this fact that the continuation of railroad transportation is no longer essential. Under our national economy both forms of transportation are essential.

A full resumption of regular intercoastal service will be delayed for some period of time while necessary planning and programing for the many problems connected with the resumption of service have been solved. However, certain cargoes, such as lumber, can be moved with reasonable promptness after the granting of a certificate. Accordingly, a certificate should be granted promptly in order (a) to permit the early resumption of limited services which may be resumed without delay and (b) to furnish a basis for necessary planning for ultimate resumption of the entire waterborne transportation services. The granting of a certificate is the essential starting point for the solution of this problem.

5. The proposed operation contemplates an orderly return to private operation. It does not contemplate indefinite Government operation. At the outset, prewar private operators will act for the United States, but only operators holding certificates in their own names will be eligible for this service. This temporary arrangement is necessary for many reasons. Over half the vessels used before the war in these trades are no longer available. Many have been lost from war causes; others are still immobilized for military purposes. Legislation permitting the sale of Government-owned vessels as replacements probably will not be adopted for several months. Other physical facilities, such as terminals, have been taken over by the Army or Navy and must be restored. Vessels now owned by the Government must be modified to meet the needs of the domestic trades. Traffic departments must be reestablished and trade contracts restored. The labor-relations problem must be clarified and stabilized. The freight-rate structure must be renewed and revised, if necessary, to permit successful operation under the increased labor costs, increased capital charges and other increased expenditures that will govern future operations.

Since the Government has disrupted these services and has a vital interest in their restoration, the Government owes the industry every assistance in finding a solution to these difficulties. The domestic trade steamship industry suffered from several years of financial anemia before the war. It was a very sick industry as fully set forth in the Maritime Commission survey of 1939. To some extent, the problems of the industry resulted from depressed and non-compensatory freight rates established by the rails in section 4 proceedings. These depressants must be removed by cooperative action of both the rails and water carriers. The needs of our national defense and of our economy make it essential that water transportation systems be reestablished. The cooperation of the rails in rate and other matters will make it possible to restore the industry quickly to private ownership and operations. The alternative is Government ownership, a threat which should be as alarming to the rails as it is to me. I hope that railroad management will see the problem in its proper perspective and adopt a broad-gaged view of the solution; that they will see the wisdom and necessity of permitting a privately owned and operated steamship industry to survive and prosper and abandon all lingering hopes of destroying water competition; that to this end, they will make necessary adjustments in rates or practices where required, thus avoiding governments intervention which would otherwise be inevitable. The same attitude, of course, is also required of the water carriers.

WSA will support the water carriers to the utmost in their effort to get a square deal. That is the only course consistent with national interest. It is due the operators, the unions, the stevedores, the ship repairers, the port authorities, and other interests who have so wholeheartedly cooperated in the war effort. Privately owned and operated coastwise and intercoastal water transportation must be restored as a profitable industry.

Sincerely yours,

E. S. LAND, *Administrator.*

INTERSTATE COMMERCE COMMISSION

No. W-926 (Sub-No. 1 TA)

ADMINISTRATOR, WAR SHIPPING ADMINISTRATION

TEMPORARY AUTHORITY APPLICATION (COASTWISE AND INTERCOASTAL)

Submitted September 13, 1945. Decided September 17, 1945

Found that there is an immediate and urgent need for temporary operation by applicant as a common or contract carrier by water in coastwise and intercoastal service between points on the Atlantic, Gulf of Mexico, and Pacific Coasts. Temporary authority granted to expire December 31, 1945

William Radner for applicant.

Wilbur LaRoe, Jr., H. E. Manghum, John C. White, J. J. Geary, L. L. Harvey, W. H. Wagner, Seth Levine, and Paul R. Ladd for interveners in support of applicant.

Thomas L. Preston for protestant.

REPORT OF THE COMMISSION

BY THE COMMISSION:

This is a proceeding under section 311 (a) of the Interstate Commerce Act. The parties have been heard in oral argument.

By application filed August 22, 1945, the Administrator, War Shipping Administration, seeks authority to operate until December 31, 1945, or during such further period as may otherwise be authorized, as a common and contract carrier by water, of passengers and commodities generally, in interstate and foreign commerce, between all ports and points along the Atlantic, Gulf of Mexico, and Pacific coasts.

The War Shipping Administration was established February 7, 1942, by Executive Order 9054 (3 CFR, Cum. Supp., p. 1086). It proposes to conduct the service for which authority is sought only through agents holding certificates or permits issued by this Commission or who otherwise are authorized by law to engage in common or contract carrier service, the operation of each such agent to be within the scope of its individual operating authority.

In 1939 the oceangoing merchant marine of the United States aggregated about 11,000,000 dead-weight tons, of which about 70 percent was operated in the coastwise and intercoastal trades. Shortly after the outbreak of war the vessels so engaged were, with few exceptions, requisitioned for war service. These vessels and others constructed during the war were operated by the War Shipping Administration through agents designated for that purpose.

With the cessation of hostilities question has arisen concerning the disposition of vessels no longer required for war service. This problem is complicated by several factors. A large number of the vessels taken over from the domestic operators have been lost or seriously damaged. Many of them are in foreign waters or are not immediately available because of continued military needs, diplomatic considerations, and other reasons. It is anticipated that the procedure for disposing of surplus vessels owned by the United States will be provided through appropriate legislation.

Because of these impediments to prompt restoration of coastwise and intercoastal service by former operators, applicant seeks temporary authority in its own name for the purpose of conducting the services through the former operators as its agents.

The various carriers who would be utilized as applicant's agents, either support the application or do not oppose it. Numerous shipper, commercial, industrial, and labor organizations, shippers, and port authorities have requested us to grant the application. The Director, Office of Defense Transportation, has likewise indicated his approval and support of the application. The Kansas-Missouri River Mills requests us to deny the application and the Memphis Cotton Exchange urges that it be not granted without a hearing. The Association of American Railroads, hereinafter referred to as protestant, on behalf of its members other than the Central of Georgia Railway Co., vigorously opposes the application, contending (1) that the Commission is without authority to grant the application, (2) that applicant is not authorized to operate in coastwise or intercoastal service, (3) that the proposed operation would subject the rail carriers to unfair competition, and (4) that the application, on its face, fails to state a case for a grant of temporary authority. These contentions will be considered in the order stated.

Protestant's challenge to our jurisdiction is twofold. It states that we may not grant the "blanket authorization" requested but must confine it to specified points and territories. The fact, however, that a grant of operating authority may be broad in scope does not render it any the less one between specified territories.

Protestant's other argument in this connection is that, as a prerequisite to the issuance of temporary authority, we must find that there are no carriers—water, rail, motor, or other—capable of performing the desired transportation between the points or within the territory. This contention is predicated upon the view that only the availability of some means of physical transportation should be considered by the Commission, and that no consideration may be given to the desirability, in the interest of the commercial and industrial development of the affected areas, of encouraging full use of all practical means of transportation. We do not think that this provision is subject to such a narrow interpretation.

The dependency of ports and coastal areas upon the existence of water transportation is well known. The economy of such areas, to a large extent, is founded

upon the availability of such transportation, without which a large part of their economy would not have been developed, and with the discontinuance of which a large part of their normal economic activity will cease to exist.

During the war, with the withdrawal of most coastwise and intercoastal water service, the activities of these coastal areas were diverted, at least in part, to the furtherance of the war effort. The termination of hostilities makes imminent the disruption or cessation of many war activities. With the cessation of employment in war plants, bases, and the like it is necessary that there be a prompt restoration of peacetime business activity. A normal coastwise water transportation is indispensable to such reconversion in these areas. The national transportation policy states that the end of regulation is the development, coordination, and preservation of a national transportation system "adequate to meet the needs of the commerce of the United States, * * *" It is our view that in determining whether there exists an immediate and urgent need for transportation and whether there is available carrier service capable of meeting that need, we are not limited merely to ascertaining if there are carriers who are physically capable of performing the service, but that we also may consider the economic needs of commerce and industry for a particular type of transportation service. We conclude that we have jurisdiction to determine the instant application.

Rail carriers contend further that, while applicant has broad authority to engage in water transportation, it is specifically precluded by the authority creating it from operating vessels in coastwise or intercoastal transportation under the control of the Director of the Office of Defense Transportation. From this it follows, they assert, that applicant would have no right to exercise the authority requested even if it should be granted. Applicant contends that the Office of Defense Transportation is not authorized to operate in this trade although that agency has asserted the right to control the use of such tonnage when operated by applicant, and that applicant has in fact conducted substantial operations in coastwise trade. Contentions similar to those made by protestant have been advanced in proceedings under part II of the act. In *Goods Roads Co., Inc., Contract Carrier Application* (10 M. C. C. 183), question was raised whether a corporation was empowered by its charter to engage in the operations for which a certificate or permit was sought. Division 5 there said:

"We are not concerned with the matter of applicant's corporate authority. The determination of whether or not operation by applicant under the permit here sought would be ultra vires is a matter over which we have no jurisdiction" (*Jaloff v. Spokane, P. & S. Ry. Co.*, 152 I. C. C. 758, 760).

Similarly it is unnecessary here to determine whether applicant, under the Executive order creating it, may hold or exercise authority to operate in domestic commerce.

Protestant's apprehension that the proposed operations would constitute unfair competition is based on its understanding that they would be conducted at the respective operator's previously existing rates and the assumption or belief that those rates are so low as to be noncompensatory. We may not assume that applicant will perform service at noncompensatory rates and it asserts, on the contrary, that it intends to charge rates which will be compensatory. In any event, the question before us for determination is whether there is such immediate and urgent need for the proposed service as to warrant issuance of the authority sought. The matter of the rates to be charged is not an issue in this proceeding (*Becker Transp. Co., Inc., Contract Carrier Application*, 26 M. C. C. 487, 497). Until changed as provided by law, the existing tariffs and schedules of the respective water carriers now on file, shall continue to be observed. Applicant's counsel stated at the argument that this would be done if the application should be granted. Our order will so provide.

We turn now to the central question presented by the application, that is, whether there is an immediate and urgent need for the proposed service. In the consideration of this question it is appropriate preliminarily to review the congressional declarations of policy in the light of which the application is to be determined.

In the Transportation Act, 1920 (U. S. Code, title 49, sec. 142) it was declared to be the policy of Congress—

"* * * to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States, and to foster and preserve in full vigor both rail and water transportation."

The policy so announced repeatedly has been recognized and accorded weight by this Commission. Concern for the maintenance of an adequate merchant marine was again expressed in the Merchant Marine Act, 1936 (U. S. Code, title 46, sec. 1101). A like view was indicated in the Transportation Act, 1940, wherein it was declared to be the national transportation policy—

“* * * to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this Act, so administered as to recognize and preserve the inherent advantages of each; * * * all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as by other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense.”

The availability of water transportation has influenced the location of industries and contributed materially to their development. Certain commodities move freely only by such transportation, and the use of this transportation medium has enabled industries to reach markets which otherwise would be beyond their trade territory. As indicated above, coastwise and intercoastal shipping normally is an integral part of the national transportation system. The tonnage moved in this service before the war was substantial. Applicant urges that whenever a major transportation facility is forced to suspend for reasons such as those presented here, there immediately arises an urgent need for its resumption as soon as practicable. The cessation of the war makes it immediately necessary to resume the normal services of the companies which were suspended by reason of the war. Consequently, there is persuasive force to applicant's contention with respect to the water-carrier services under consideration. The vessels which the operating companies lost cannot be immediately replaced by purchase or by constructing other vessels. Under such an arrangement with the applicant as would here be implemented these companies measurably can meet the instant emergency pending the reacquisition of adequate equipment.

We find that there is an immediate and urgent need for the service proposed, and that there is no carrier service between the points involved which is capable of meeting such need.

We further find that operation by the Administrator, War Shipping Administration, as a common and a contract carrier by water through the agents hereafter specified and in the manner above described, will be consistent with the public interest and the national transportation policy.

An order will be entered authorizing the Administrator, War Shipping Administration, to operate as a common or contract carrier by water by self-propelled vessels in interstate and foreign commerce in the transportation of passengers and commodities generally through any person or persons defined in section 302 (a) of the Interstate Commerce Act who are authorized to operate as common or contract carriers by water in transportation subject to said act by self-propelled vessels by way of the Atlantic Ocean, Pacific Ocean, or Gulf of Mexico, which are not exercising (1) the authority granted by a certificate or permit issued by this Commission; or (2) the authority provided by section 309 (a) or (f) of the act by reason of an undetermined application for such authority having been seasonably filed by such person or persons or their predecessors, which person or persons are not now engaged in operation because of conditions beyond their control, said person or persons to be employed as agent or agents in operation within the scope of their respective certificates, permits, or applications.

ARCHISON, Commissioner, concurring:

“I concur in the result, although it seems to me that the arrangement between the Administrator (who is a common carrier by water subject to our jurisdiction) and the other carriers by water falls within the scope of section 5 (1) of the act, as being a pooling of revenues. It is a “common purse” arrangement, with the owner-carriers continuing to function as such, but passing over their revenues to the Administrator in return for the use of certain ships and the guaranty of certain sums of compensation, in return. Compare Express Contract (59 I. C. C. 518, 522-3), where a somewhat analogous situation was considered. However, in view of the short time for which the arrangement is approved, and as the substantive and procedural essentials for approval of the arrangement treated as a pool have been met, I can concur in the result.”

Commissioners MILLER, PATTERSON, and JOHNSON did not participate in the disposition of this proceeding.

ORDER

At a general session of the Interstate Commerce Commission held at its office in Washington, D. C., on the 17th day of September, A. D. 1945

No. W-926 (Sub-No. 1 TA)

ADMINISTRATOR, WAR SHIPPING ADMINISTRATION

TEMPORARY AUTHORITY APPLICATION (COASTWISE AND INTERCOASTAL)

Application under the provisions of section 311 (a) of the Interstate Commerce Act having been made by the Administrator, War Shipping Administration, for authority to operate as a carrier by water, in the transportation of passengers and commodities generally, in interstate and foreign commerce, and the Commission, on the date hereof, having made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Administrator, War Shipping Administration, be, and he is hereby, authorized to operate as a common or contract carrier by water by self-propelled vessels in interstate and foreign commerce in the transportation of passengers and commodities generally through any person or persons defined in section 302 (a) of the Interstate Commerce Act who are authorized to operate as common or contract carriers by water in transportation subject to said act by self-propelled vessels by way of the Atlantic Ocean, Pacific Ocean, or Gulf of Mexico which are not exercising (1) the authority granted by a certificate or permit issued by this Commission; or (2) the authority provided by section 309 (a) or (f) of said act by reason of an undetermined application for such authority having been seasonably filed by such person or persons or their predecessors, which person or persons are not now engaged in operation because of conditions beyond their control, said person or persons to be employed as agent or agents in operation within the scope of their respective certificates, permits, or applications.

It is further ordered, That in the exercise of the authority specified above the Administrator, War Shipping Administration, and said agents, respectively, shall comply with all applicable requirements of the Interstate Commerce Act and the orders, rules, and regulations of the Commission thereunder, and shall observe, until changed as provided by law, the existing tariffs and schedules of the respective agents now on file.

And it is further ordered, That this order shall continue in force until December 31, 1945, unless sooner suspended, modified, or set aside by further order of the Commission.

By the Commission.

[SEAL]

W. P. BARTEL, *Secretary*.

STATE DEPARTMENT,
Washington, October 29, 1945.

HON. SAM HOBBS,

Chairman, Subcommittee No. 4,

House Committee on the Judiciary,

MY DEAR MR. HOBBS: During the war various regulations have been enacted and collaborative arrangements undertaken for the control of international commerce. These have taken the form principally of controls over either the quantity or price of imported commodities, direct control by public purchase over the flow of international commerce in particular commodities, indirect control by allocation mechanisms over the production and volume of commerce in certain commodities, and planned collaborative utilization of shipping capacity.

The Department of State has consistently advocated that wartime trade controls designed to contribute immediately and directly to the economic mobilization of this Nation and its allies for war should be terminated as soon as the conditions which gave rise to them no longer obtained. To this general position the Department of State still adheres; and the efforts of the Department are continuously directed toward the adoption and implementation of measures designed to foster a liberalization and extension of international commerce.

For the immediate future, however, an indiscriminate and overhasty relaxation of controls could seriously embarrass this Government in its international economic relations. Accordingly the Department of State recommends a limited extension of the Second War Powers Act. The Department's interest, however, is primarily in the extension for a 12-month period of title III of that act.

Without doubt this Government is obligated to do what it can to prevent disease and distress in areas of the world recently liberated from enemy domination. The principal reason why the executive branch of the Government should be empowered to continue in force certain economic and trade controls is that the United States has assumed responsibilities and made commitments (as for instance with regard to relief and rehabilitation in war-torn areas and also with regard to the supply to Latin-American countries of scarce manufactured commodities) which responsibilities and commitments over the next 12 months cannot be fulfilled without the utilization of certain controls at critical points in the economy.

Although reconversion has already proceeded rapidly in this country, and although in many of the war-torn areas progress is being made toward restoration of normal economic conditions, nevertheless some essential commodities are certain to remain in short supply over the next 12 months. Hence it is necessary to have available the means of obtaining the quantities of those commodities which are essential for relief and rehabilitation of liberated areas and for the fulfillment of our responsibilities toward UNRRA. The commodities that are most likely to be in critical short supply include fats and oils, meats, sugar, hides and leather, textiles, coal, lumber, phosphates, agricultural machinery, textile machinery, and transportation equipment. Insofar as the general relaxation of quantitative and price controls over such commodities would make it impossible for liberated countries and for UNRRA to obtain reasonable access to them, it will be necessary to continue certain control mechanisms such as allocation recommendations and the implementation thereof through priority assistance, allocation, set-aside orders, and import controls.

Furthermore, the abrupt termination at the end of this calendar year of the combined allocation machinery, as well as the other priorities powers granted by title III of the Second War Powers Act, would, with respect to certain commodities and certain areas of the world, seriously endanger stabilization of prices. A rapid inflation of prices of basic commodities in short supply, such as sugar, coal, and fats and oils, would not in and of itself make impossible the fulfillment of our monetary commitments to UNRRA. It would, however, reduce the real purchasing power of the funds available to UNRRA. It would make the problem of supply for liberated areas most difficult and would, no doubt, greatly increase the volume of requests from foreign governments for dollar loans; and in general it would embarrass us seriously in the discharge of our general supply responsibilities.

The Second War Powers Act provides authorization for allocation of commodities in short supply. This authority may be required to implement combined allocation machinery recommendations through which the United States obtains its share of commodities in world short supply. It is most important that this authorization be extended to permit the orderly and effective procurement, both for our own uses and for world-wide rehabilitation requirements, of certain critical commodities such as rubber, sugar, and tin.

In the few months that have ensued since the termination of hostilities this country has made extremely rapid strides toward the restoration of normal commercial conditions and the elimination of many categories of trade restrictions and controls. Over the next 12 months our progress will continue to be rapid. In so far as our external economic relations are concerned, the Department of State is doing everything in its power to facilitate a firm reestablishment of free international trade upon a greatly expanded scale. It would be a mistake, however, to permit the powers granted by title III of the Second War Powers Act to terminate automatically on December 31. Such termination would seriously prejudice the task of relief and rehabilitation of war-torn areas; it would make it difficult and in many instances impossible for this Government to fulfill its commitments to liberated areas and to UNRRA; it would nullify what President Truman described on May 21 of this year as "the established policy of this Government to accept the responsibility to serve as a principal source of civilian supplies for the United Nations as far as it is possible to do so." On the other hand, extension of this title of the Second War Powers Act accompanied by

continuing determination to use the authority therein granted only for essential purposes, which could not be effectuated without that authority, would permit this Government to discharge successfully and creditably its admitted responsibilities.

Sincerely yours,

WILLIAM L. CLAYTON,
Assistant Secretary.

TREASURY DEPARTMENT,
Washington, D. C., October 31, 1945.

HON. HATTON W. SUMNERS,
*Chairman, Committee on the Judiciary,
House of Representatives, Washington 25, D. C.*

MY DEAR MR. CHAIRMAN: Reference is made to the proposal to extend certain titles of the Second War Powers Act, which is understood to be pending before your committee. The Treasury Department desires to comment on, and in some cases to recommend the extension of, several of the titles of that act.

Title IV authorizes the several Federal Reserve banks to hold United States securities purchased directly from the Treasury in an amount not exceeding \$5,000,000,000 at any one time. This power is one of the instruments in the possession of the Federal Reserve authorities for maintaining member bank reserve balances during short periods of large Treasury receipts from taxation, or from borrowing not paid by war loan account. While it is not the only power available to the Federal Reserve authorities for use on such occasions, it is in some respects the most flexible, and is, therefore, a useful weapon in their armory. It has been availed of on several occasions during the war period. During each of these occasions, the balance in the Treasury has greatly exceeded the amount of directly purchased obligations held by the Federal Reserve banks. Its use, therefore, has been that of assisting in the maintenance of smooth money market conditions, rather than that of facilitating Treasury financing per se. The Department is informed that the extension of this authority for an additional year has been recommended by the Board of Governors of the Federal Reserve System. Such extension is considered desirable in order to facilitate the transition in the national finances from a wartime to a peacetime basis.

Title V authorizes the waiver of navigation and vessel-inspection laws in certain cases. Under the authority of this title, the Secretary of the Treasury has from time to time issued orders waiving compliance with certain provisions of the navigation laws. Approximately 73 such orders are outstanding at the present time. The majority of the orders were issued at the request of the War and Navy Departments or upon the recommendation of the Office of Defense Transportation, War Shipping Administration, United States Maritime Commission, Department of Interior, Office of the Coordinator of Fisheries, and the State Department. A few orders have been issued by the Secretary of the Treasury upon his own initiative. It is understood that continuation of the authority until December 31, 1946, has been urged by the War and Navy Departments to facilitate the return of men and material from overseas. The Treasury Department would have no objection to such extension of title V.

Title XI authorizes the Secretary of the Treasury to accept any gifts of money, property, or services on condition that it be used for a particular war purpose. Under this authority the Secretary of the Treasury has accepted 1,725,000,000 francs from the French Government for the purpose of improving the purchasing power of American military personnel in France. This currency is being distributed at the rate of 850 francs (the equivalent of \$17 per month) to military personnel regularly stationed in France; and to those in transit, on temporary assignment, or furlough, 850 francs are paid upon their entry into France. The continuation of this program under an agreement with the French Government depends upon the authority of the Secretary of the Treasury to receive additional francs for this purpose from the French Government. While the War and Navy Departments are primarily concerned, the Treasury Department has cooperated in making this agreement with the French and believes it is desirable for the program to continue beyond December 31, 1945. Accordingly, the Department recommends the extension of title XI for an additional year, at least for the purpose of permitting the continuation of this agreement with the French Government.

Although title XII contains no expiration date, the provisions thereof requiring the coinage of a 5-cent piece of a specific content expire on December 31, 1946. Under this title, the 5-cent piece now being manufactured consists of an alloy of 56 percent copper, 35 percent silver, and 9 percent manganese. That alloy was adopted in order to conserve nickel and copper during the war. Since the restrictions on both copper and nickel have recently been raised, the Department favors a return to the alloy of 75 percent copper and 25 percent nickel provided by the permanent law which title XII in effect suspended until December 31, 1946. It is recommended, therefore, that the requirement of title XII with respect to the content of the 5-cent piece be terminated as of December 31, 1945. That termination date, rather than an earlier one, would give the mints time to acquire new stocks of material and prevent complexities that arise when two coins of the same denomination but of a different composition are coined during any 1 year. Coins of different alloys must be segregated for the purposes of melting and recoinage and if two such coins are struck the same year, the segregation would cause enormous administrative and other difficulties. It should be emphasized, however, that complete repeal of title XII is not recommended because of the necessity of continuing in effect its provisions for the redemption of the 5-cent pieces already coined and their recoinage into subsidiary silver coins. That process will undoubtedly continue for many years. The termination of further coinage which is recommended can be accomplished by substituting 1945 for 1946 wherever it appears in title XII, thus leaving the title itself intact.

Very truly yours,

D. W. BELL,
Acting Secretary of the Treasury.

WAR DEPARTMENT,
Washington, D. C., November 6, 1945.

HON. HATTON W. SUMNERS,
*Chairman, Judiciary Committee,
House of Representatives.*

DEAR CHAIRMAN SUMNERS: Reference is made to testimony presented to your committee by War Department representatives on October 26, 1945, regarding extension of titles II, III, V, and XI of Second War Powers Act, 1942, as amended. At that time no recommendation was made with respect to title I of this act.

Further study has now been given to the desirability of the extension of title I, with particular reference to sections 101 and 102. Under these sections certain temporary operating authorities have been issued by the Interstate Commerce Commission to various bus companies, permitting them to engage in interstate commerce where necessary to accommodate War Department establishments.

One such establishment is the Pentagon, which houses headquarters agencies of the Department in metropolitan Washington. This building is now served by four local bus companies, each operating under such temporary authorities granted pursuant to title I.

With the expiration of title I of this act all such temporary operating authorities will expire, resulting in discontinuance of service now provided under those authorities. Uninterrupted continuation of this existing bus service is deemed in the public interest and essential to the proper conduct of official business of this Department.

Accordingly, in addition to representations previously made to your committee with reference to titles II, III, V, and XI, it is the recommendation of the War Department that sections 101 and 102, title I, Second War Powers Act of 1942, be extended to December 31, 1946.

Sincerely yours,

ROBT. P. PATTERSON,
Secretary of War.

NAVY DEPARTMENT,
Washington, November 7, 1945.

HON. HATTON W. SUMNERS,
Chairman, Judiciary Committee, House of Representatives.

DEAR CHAIRMAN SUMNERS: On October 26, 1945, representatives of the Navy Department testified before subcommittee 4 of the Judiciary Committee, requesting extension of titles II, III, V, and XI of the Second War Powers Act, as

amended. No reference was made in the Navy Department's testimony to title I of that act.

The question of extending title I, particularly sections 101 and 102, has subsequently been examined thoroughly. It will be recalled that these sections comprise the basic authority under which the Interstate Commerce Commission has issued certain temporary operating authority to bus companies, which companies engage in interstate operations where necessary to accommodate Navy Department establishments.

Examples of the vital service which is being rendered to the Navy Department under these sections are the bus transportation between metropolitan Washington and the Bureau of Yards and Docks Annex in Arlington County, Va., and also the bus transportation service at Portsmouth Navy Yard at Portsmouth, N. H. The abrupt discontinuance of services such as these, which would be the immediate consequence of permitting title I to expire on December 31, 1945, would be extremely disruptive of important Navy activities. Uninterrupted continuation of these services is deemed in the public interest and essential to the proper conduct of official business of the Navy Department.

Accordingly, the Navy Department recommends sections 101 and 102, title I, Second War Powers Act of 1942, be extended to December 31, 1946.

Yours sincerely,

H. STRUVE HENSEL,
Acting Secretary of the Navy.

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17. GI BILL AMENDMENTS. Sen. Hart, Conn., described the Conn. Reemployment Commission and spoke favoring similar State organizations to further assist in administering this bill (pp. 11181-2).
18. SURPLUS PROPERTY. Sen. Mitchell, Wash., criticized Surplus Property Administration's delay in providing for disposal of surplus aluminum plants (pp. 11079-81).
19. PRICE CONTROL. Sen. Wherry, Nebr., criticized OPA's cost-absorption policy (pp. 11087-8).
20. WATER UTILIZATION. Sen. Butler, Nebr., inserted C. Petrus Peterson's (Nebr. Legislation) address on the State plan for water use in Nebr. (pp. 11089-91).
21. FLOOD CONTROL. Passed without amendment H.R. 1902, to provide for the procedure in determination of compensation for land acquired in connection with lower Miss. River flood-control projects (p. 11102).
22. RIVERS AND HARBORS. Passed without amendment S. J. Res. 105, to provide for proceeding with certain rivers and harbors projects heretofore authorized to be prosecuted after the termination of the war (pp. 11092-3).
23. ADJOURNED until Mon., Nov. 26 (p. 11113).

HOUSE

24. APPROPRIATIONS RESCISSIONS. Reps. Cannon (Mo.), Woodrum (Va.), Ludlow, Snyder, O'Neal, Rabaut, Johnson (Calif.), Taber, Wiglesworth, Dirksen, and Egnel (Wis.) were appointed conferees on H.R. 4407, the appropriation-rescission bill (p. 11117). Senate conferees were appointed Nov. 20.
25. RATIONING; MEATS; FATS AND OILS. Rep. Pace, Ga., inserted Secretary Anderson's announcement of termination of the rationing of meats, butter, fats, and oils (pp. 11115-6).
26. POULTRY AND EGGS. Rep. Andersen, Minn., criticized this Department's plan to subsidize the slaughter of laying hens (p. 11114).
27. PERSONNEL; TRAVEL. Received ODT Director's draft of a proposed bill to amend the act to provide for furnishing transportation for certain Government and other personnel necessary for the effective prosecution of the war. To Military Affairs Committee. (p. 11132).
28. WAR POWERS. The Judiciary Committee reported without amendment H.R. 4780, to amend the Second War Powers Act (H. Rept. 1282) (p. 11132). (See also item 39).
29. FOREIGN TRADE. Rep. Jenkins, Ohio, criticized tariff policies and included export-import statistics (pp. 11114-5).
30. FULL EMPLOYMENT. Rep. Hoffman, Mich., criticized the full-employment bill and Rep. Cochran, Mo., explained its purpose (pp. 11119-20).
31. VETERANS; FARM LOANS. Rep. Rankin, Miss., criticized the delay in handling the GI Bill of Rights amendments bill, particularly referring to veterans' home and farm loans (p. 11118).
32. LEGISLATIVE PROGRAM. Majority Leader McCormack announced consideration of the deficiency-appropriation bill on Tues., and the full-employment bill on Thurs. and Fri. (pp. 11118-9).

33. TRANSPORTATION. H.R. 2536, as reported (see Digest 203) amends the Interstate Commerce Act so as to: Authorize common carriers (including freight forwarders) to apply to the Interstate Commerce Commission for approval of agreements between carriers, authorize the Commission to approve such agreements when in furtherance of the national transportation policy, grant anti-trust law relief with respect to making and carrying out agreements approved by the Commission, and preclude approval of agreements between carriers of different classes except those limited to matters relating to transportation (1) under joint rates, or (2) over through routes.

34. ADJOURNED until Mon., Nov. 26 (p. 11132).

BILLS INTRODUCED

35. FORESTRY. S. 1615, by Sen. Vandenberg, Mich., providing for the release of a portion of Marquette National Forest for private use and development. To Agriculture and Forestry Committee. (p. 11072)

36. RECLAMATION. S. 1617, by Sen. O'Mahoney, Wyo., for himself and Sen. Robertson, Wyo., granting consent of Congress to Utah, Idaho, and Wyo. to negotiate and enter into a compact for the division of the waters of the Bear River and its tributaries. To Irrigation and Reclamation Committee. (p. 11072.)

37. FARM LOANS; VETERANS; HOUSING. S. 1616, by Sen. Vandenberg, Mich., establishing a special Housing Bureau in the Veterans' Administration to act in relation to the procurement of homes or farms for war veterans, and to liberalize loan conditions pertaining thereto. To Finance Committee. (p. 11072.)

38. PRICE CONTROL. S. J. Res. 120, by Sen. Taft, Ohio, to amend the Emergency Price Control Act relating to the standards by which maximum prices shall be established. To Banking and Currency Committee. Remarks of author (pp. 11084-7). (See also item 16.)

39. WAR POWERS. H. R. 4780, by Rep. Sumners, Tex., to amend the Second War Powers Act. To Judiciary Committee. (p. 11132). (See also item 28.)

40. STATISTICS. H. R. 4781, by Rep. Allen, La., (by request) to provide for the collection and publication of statistical information by the Census Bureau. To Census Committee. (p. 11132).

41. SURPLUS PROPERTY; VETERANS. H. R. 4784, by Rep. Feighan, Ohio, relating to sales of surplus property to veterans under the Surplus Property Act. To Expenditures in the Executive Departments. (p. 11132). Remarks of author (pp. 11118-9).

42. RESEARCH; ATOMIC ENERGY. H. Res. 404, by Rep. Douglas, Calif., on the use of atomic energy in the interest of international cooperation and the public welfare. To Foreign Affairs Committee. (p. 11132). Remarks of author (pp. 11120-5).

43. HEALTH PROGRAM. S. 1606 and H.R. 4730 (see Digest 204) to authorize appropriations for grants to States to carry out a national health program; establish a National Advisory Medical Policy Council; provide for grants-in-aid to non-profit institutions for medical education and research and authorize appropriations of \$10,000,000 for 1946, \$15,000,000 for 1947, and for each calendar year thereafter 2% of the amount expended for benefits in the last preceding year; provide that personal health service benefits shall include general and special medical and dental, home-nursing, laboratory, and hospitalization

socialist or not, I am wondering whether the gentleman from Mississippi kept track of the activities of our own Commodity Credit Corporation?

Mr. RANKIN. No; I do not care to go into that. I rose to discuss this question today because I think Mr. Eden is making a sad mistake, and I think if he continues advocating such policy as that which is now advocated by a few irresponsibles in this country of wiping out American sovereignty, I think it will have a tendency to strain the relations between the two great English-speaking nations of the earth that are not strained today.

As I said in the beginning, I am not only friendly to the British, but I am prejudiced in their favor whenever it comes to any question between them and any other nation in the world except the United States; but I am not prejudiced enough to fall for that kind of stuff, to wipe out the sovereignty of my own country and have it become subordinated to or a province of or a subsidiary of some super-government over which the American people would have little or no control.

EXTENSION OF REMARKS

Mr. JOHNSON of California asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. BRADLEY of Michigan asked and was given permission to extend his remarks in the RECORD in two instances; to include in one a radio broadcast to be delivered on Sunday, and in the other several resolutions adopted by the Propeller Club of the United States.

Mr. GWYNNE of Iowa asked and was given permission to revise and extend the remarks he made today.

Mr. KNUTSON. Mr. Speaker, the other day I secured permission to insert in the RECORD a petition from citizens of the State of Rhode Island. At the time of making the request I stated that it would not exceed the cost. I was granted permission while the Speaker pro tempore was in the chair. I am informed by the Public Printer that this insertion will exceed two pages of the RECORD and will cost \$179, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. STEFAN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. DWORSHAK asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. COFFEE asked and was given permission to extend his remarks in the RECORD in four instances, and include excerpts from newspaper articles in each.

REFUSAL OF GENERAL MOTORS CORP. TO BARGAIN IN GOOD FAITH WITH UNITED AUTOMOBILE WORKERS

Mr. HOOK. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes and to revise and extend my

remarks and include an editorial from the Washington Post.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOOK. Mr. Speaker, the refusal of General Motors Corp. to bargain in good faith with the United Automobile Workers on its wage demands constitutes one of the most flagrant examples in American industrial history of the arrogant contempt of great corporations for Government policy, for their workers, and for public opinion.

I will introduce into the RECORD the detailed history of that refusal on the part of General Motors on Monday, as I have not quite completed it at this time.

General Motors refused to agree to the union's proposal that the negotiations be held in public—open to the press and radio.

General Motors refused to negotiate with the union even behind closed doors on any matter relating to its ability to pay the wages the union demands.

General Motors refused to accept conciliation by Government representatives.

Finally, on last Tuesday, General Motors refused to tell the union whether it would or whether it would not accept the union's proposal to submit the dispute to arbitration on the basis of the facts.

General Motors has said from the start that the only result of the union's wage demand was a strike. It long ago advised its workers in factories and offices to prepare for a strike. It wrote every one of its thousands of employees in person. It sent these letters at the same time that its representatives in negotiation with the union were refusing to discuss the issues of the union's demand.

The Washington Post states editorially this morning—I quote:

It is not easy to understand the failure of General Motors to agree with the Reuther suggestion (of arbitration) even if the corporation does not approve of all the arbitration terms he outlined. It could have accepted at once the principle of arbitration and signified a readiness to discuss and define the terms under which the proceedings should be conducted.

Of the union's proposal for a final and binding decision to be made by the arbitrators is praised by the Post:

This is a hard and fast commitment to renounce the strike weapon in favor of a just, peaceful, and orderly procedure. It takes cognizance of the public interest. It calls for a settlement by facts instead of by force. It sets a statesmanly example for unions and employers everywhere.

Refusal of General Motors to negotiate, to accept conciliation, or to accept arbitration, becomes even more inexcusable and contemptuous of the public interest when looked at in the light of the union's demand. From the outset the union has stated that it wants a 30-percent increase in wages without any increase in prices, and it has put the proposition squarely to General Motors time and time again that if the corporation can show that it cannot pay a 30-percent wage increase without raising its prices, then the union will scale down

its wage demand to what the corporation can pay without raising prices.

The corporation refuses even to discuss that proposition. It refuses to offer an increase of even 1 percent in wages with a pledge not to use that wage increase in seeking higher price ceilings from OPA.

General Motors has shown from the outset of this case that it is interested in talking higher wages only if those wages can be used to raise its prices. General Motors is hell-bent for inflation. That is why it will not negotiate, will not conciliate, will not arbitrate the statesmanly demand of the United Auto Workers that wages be raised and that the price line be strictly held.

Mr. RAMEY. Mr. Speaker, will the gentleman yield?

Mr. HOOK. I yield to the gentleman from Ohio.

Mr. RAMEY. In view of those facts, certain forces are trying to bring to the public certain untrue statements in regard to the unions at this time, thus bringing about an emotional situation in the country that is very unfair.

Mr. HOOK. I thank the gentleman for his very timely and very fair statement.

Mr. Speaker, the editorial in the Washington Post to which I have referred is as follows:

ARBITRATION OFFER

Collective bargaining has failed to end the impasse between the General Motors Corps. and the United Automobile Workers Union. We do not think that in this situation collective bargaining has failed the conflicting parties so much as the conflicting parties have failed collective bargaining. There was, on the one hand, a flat worker demand for an increase of 30 percent in the basic rate of pay; and, on the other hand, there was an equally flat refusal to grant the demand, garnished with one or two proposals patently unacceptable to the union. This is rhetoric, not bargaining.

There remained, then, but two solutions for the dispute. One of these was arbitration; the other a strike. Now that the strike has begun, the desirability of arbitration looms even larger than it did before. We should think it would seem preferable to the employers and the employees as well as to the public. Continuation of the strike in the automobile industry will seriously retard the whole reconversion process and may well lead to a prolonged embitterment of labor-management relations. For this reason we applaud the proposal submitted by Walter Reuther on behalf of the automobile workers to settle the dispute by arbitration.

As we have observed in connection with the local transit strike, unwillingness to arbitrate by either party to a dispute suggests a lack of faith in the validity of its position. It is not easy to understand the failure of General Motors to agree with the Reuther suggestion—even if the corporation does not approve of all the arbitration terms he outlined. It could have accepted at once the principle of arbitration and signified a readiness to discuss and define the terms under which the proceedings should be conducted. We hope that it will still do this. The union, however, was extremely peremptory in hitching a 24-hour deadline to its arbitration offer—some of the terms of which are debatable, to say the least.

The most novel features of the union's arbitration proposal are, first, that the arbitration board's decisions "shall not be used as a basis for a price increase for any General Motors product so long as these decisions shall remain in effect," and, second, that if

the board "concludes that the General Motors Corp. has the ability to pay a 30-percent increase in scheduled hourly wage rates and still yield profits, after taxes, in excess of such profits in its best profit year during the past 10; the board shall be empowered to make advisory recommendations concerning price reductions on the products of the General Motors Corp."

The first of these provisions has the virtue of sharpening and limiting the arbitration board's problem. It says, in effect, that the benefits of a wage increase should not be vitiated by a price increase or conditioned upon the expectation of one—which the President has, in any case, banned for the next 6 months. But the President has also said that at the end of 6 months requests for a lifting of price ceilings should be considered by OPA on the basis of experience. We can see no reason why General Motors should be denied this opportunity for relief if experience proves that it is justified; nor do we see any sense in denying the corporation the right to raise its own prices if it wishes to do so, once official price control has been abandoned.

The union's second stipulation must have been inscribed with Mr. Reuther's tongue in his cheek. It is possible, of course, if General Motors achieves a very high level of production that it will make tremendous profits next year, even with a big boost in its wage rate. And economies effected through volume and efficiency should, no doubt, be passed on, in part at least, to consumers. But it is scarcely the function of an arbitration board, under our system of enterprise, to determine this. Price policy is a basic function of management. We do not know, anyway, what possible legal force there could be in the "advisory recommendations" of the arbitration board.

However, the most important provision of the union proposal is that "all decisions and recommendations of the board shall be * * * final and binding upon the parties." This is a hard and fast commitment to renounce the strike weapon in favor of a just, peaceful, and orderly procedure. It takes cognizance of the public interest. It calls for a settlement by facts instead of by force. It sets a statesmanly example for unions and employers everywhere.

ADJOURNMENT

Mr. COFFEE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 20 minutes p. m.) under its previous order, the House adjourned until Monday, November 26, 1945, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Monday, November 26, 1945)

There will be a meeting of the Transportation Subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Monday, November 26, 1945. Business to be considered: To begin hearings on H. R. 2764, freight forwarders' legislation.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

(Wednesday, November 28, 1945)

There will be a meeting of the Committee on Public Buildings and Grounds at 10 o'clock a. m. on Wednesday, November 28, 1945, to consider H. R. 4719.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

(Thursday, November 29, 1945)

The Committee on the Merchant Marine and Fisheries will continue its con-

sideration of H. R. 2346 and other related bills regarding benefits to merchant seamen on Thursday, November 29, 1945, at 10 a. m., in open hearings.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

836. A letter from the Director, Office of Defense Transportation, transmitting a draft of a proposed bill to amend Public, No. 779, Seventy-seventh Congress, second session, an act to provide for furnishing transportation for certain Government and other personnel necessary for the effective prosecution of the war, and for other purposes, approved December 1, 1942; to the Committee on Military Affairs.

837. A letter from the Acting Secretary of the Navy, transmitting a clarifying letter in the amount of \$52,932.74, which amount was omitted from the letter of August 11, 1945, from the Secretary of the Navy; to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOBBS: Committee on the Judiciary. H. R. 4780. A bill to amend the Second War Powers Act, 1942, as amended; without amendment (Rept. No. 1282). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LESINSKI: Committee on Immigration and Naturalization. H. R. 2546. A bill for the relief of Salvador Lorenz Fernandez; without amendment (Rept. No. 1281). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. REED of Illinois:

H. R. 4779. A bill to enable debtor railroad corporations, whose properties during a period of 7 years have provided sufficient earnings to pay fixed charges, to effect a readjustment of their financial structure without further proceedings under section 77 of the Bankruptcy Act, as amended; to the Committee on the Judiciary.

By Mr. SUMNERS of Texas:

H. R. 4780. A bill to amend the Second War Powers Act, 1942, as amended; to the Committee on the Judiciary.

By Mr. ALLEN of Louisiana (by request):

H. R. 4781. A bill to provide for the collection and publication of statistical information by the Bureau of the Census; to the Committee on the Census.

By Mr. CASE of South Dakota:

H. R. 4782. A bill to authorize donations of surplus office equipment of the Office of Price Administration to local governments as reimbursement for services furnished by such governments to such administration; to the Committee on Expenditures in the Executive Departments.

By Mr. DIRKSEN:

H. R. 4783. A bill to prohibit discrimination in employment because of race, creed, color, national origin, or ancestry; to the Committee on Labor.

By Mr. FEIGHAN:

H. R. 4784. A bill relating to sales of surplus property to veterans under the Surplus Property Act of 1944; to the Committee on Expenditures in the Executive Departments.

By Mrs. DOUGLAS of California:

H. Res. 404. Resolution on the use of atomic energy in the interest of international cooperation and the public welfare; to the Committee on Foreign Affairs.

By Mr. VINSON:

H. Res. 405. Resolution providing for the consideration of S. 1438, to provide additional inducements to citizens of the United States to make the United States naval service a career, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of Puerto Rico with reference to their endorsement of President Truman's message determining their political status; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. BARTLETT introduced a bill (H. R. 4785) to authorize an appropriation for the establishment of a geophysical institute at the University of Alaska, which was referred to the Committee on the Territories.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1340. By Mr. GRAHAM: Petition of 45 members of the American Legion Auxiliary, Unit No. 641, of Baden, Pa., protesting strongly the passage of S. 1203 and H. R. 3522; to the Committee on World War Veterans' Legislation.

1341. By Mr. SABATH: Petition of the City Council of the City of Chicago, endorsing the general housing bill; to the Committee on Banking and Currency.

1342. By Mr. WEISS: Petitions to discharge fathers in the service signed by approximately 150 constituents; to the Committee on Military Affairs.

1343. By the SPEAKER: Petition of California Toll Bridge Authority, petitioning consideration of their resolution with reference to urging clarification and restriction of toll-free privileges for Government traffic using the San Francisco-Oakland Bay Bridge; to the Committee on Interstate and Foreign Commerce.

1344. Also, petition of the American Slav Council of Milwaukee County, Milwaukee, Wis., petitioning consideration of their resolution with reference to their endorsement of the Hook and Patterson resolutions for the abolishment of the un-American Rankin committee; to the Committee on Rules.

1345. Also, petition of National Association of State Universities, petitioning consideration of their resolution with reference to their endorsement for the Congress of the United States to establish a special joint committee of the House and Senate expressly commissioned to formulate sound principles of Federal-State relationships in the area of educational administration; to the Committee on Rules.

79TH CONGRESS
1ST SESSION

H. R. 4780

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 23, 1945

Mr. SUMNERS of Texas introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend the Second War Powers Act, 1942, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) title II of the Second War Powers Act, 1942,
4 as amended, is amended by adding thereto the following
5 section:

6 “SEC. 202. The Authority to acquire property, or any
7 use thereof or interest therein, granted by section 2 of such
8 Act of July 2, 1917, shall not be exercised after the date
9 upon which this section becomes effective.”

10 (b) Title IX of the Second War Powers Act, 1942,
11 as amended, is hereby repealed.

1 (c) Title XI of the Second War Powers Act, 1942, as
2 amended, is hereby amended by adding thereto the following
3 section:

4 “SEC. 1107. On and after January 1, 1946, the au-
5 thority granted by this title shall be exercised only for the
6 benefit of personnel of the armed forces of the United
7 States stationed abroad.”

8 (d) Title XII of the Second War Powers Act, 1942, as
9 amended, is hereby amended by substituting the date “De-
10 cember 31, 1945” for the date “December 31, 1946”
11 wherever the latter date appears in such title.

12 (e) Section 1501 of title XV of the Second War Powers
13 Act, 1942, as amended, is hereby amended to read as follows:

14 “SEC. 1501. Titles I to V, inclusive, and titles VII, XI,
15 and XIV of this Act, and the amendments to existing law
16 made by any such title, shall remain in force only until June
17 30, 1946, or until such earlier time as the Congress by con-
18 current resolution, or the President, may designate, and after
19 such amendments cease to be in force any provision of law
20 amended thereby shall be in full force and effect as though
21 this Act had not been enacted; but no court proceedings
22 brought under any such title shall not abate by reason of
23 the termination hereunder of such title.”

79TH CONGRESS
1ST SESSION

H. R. 4780

A BILL

To amend the Second War Powers Act, 1942,
as amended.

By Mr. SUMNERS of Texas

NOVEMBER 23, 1945

Referred to the Committee on the Judiciary

Insecticide Act. "The committee has withheld approval of a supplemental estimate of \$26,500 for administering such act. There previously has been made available \$186,800.. The additional amount is urged because of new insecticides and fungicides developed during the war years, the marketing of which should be appropriately controlled and regulated. It is felt that any expansion of this agency should await consideration and determination by the regular subcommittee - Agriculture."

Farm labor. "By introducing a nominal charge feature, estimated to yield \$4,250,000, plus certain other credits, the new appropriation requested would discharge obligations estimated to aggregate \$19,564,119.. This amount the Secretary of Agriculture considers to be ample. As a matter of fact, he has expressed the hope that it will turn out to be too much, basing that on the assumption that workers will decide to return to the farms in increasing numbers. The committee feels that until that is certain, this source of relief should be available. Respecting the new charging feature, it is the plan to charge growers for workers 50 cents a day for the number of days a man works, wherever practicable. The budget language pertaining to this charge has been clarified as to the costs the charge would help to defray. This has been done at the instance of the American Farm Bureau Federation. At the instance of the same agency, the committee has further amended the budget language ^{adding} by a proviso relating to sale of surplus camps. If the program, from a Federal-support angle, is approaching termination, it would seem appropriate to begin liquidation of such camps to which the Government has title through disposal to appropriate local agencies which will have a continuing need therefor. The effectiveness of the provision, by its terms, would not extend beyond the life of the appropriation."

2. GRANTS-IN-AID. on objection of Reps. Priest, Tenn., Madden, Ind., and Kefauver, Tenn., passed over H. R. 3321, to provide for State inspection of Federally distributed grant-in-aid materials, etc. (p. 11167).
3. FARM SITUATION; WAGES; PRICES. Rep. Savage, Wash., spoke on "The Farmers Stake in Substantial Wage-Salary Increases," inserted excerpts from Secretary Anderson's testimony before the Banking and Currency Committee on farm economy, and urged higher wages to aid farm prosperity (pp. 11184-5).
4. UNRRA APPROPRIATIONS. Reps. Voorhis, Calif., and Adams, N.H., urged early action on UNRRA-appropriation bill (pp. 11163-5).
5. FARM HOMES; VETERANS. Rep. Murdock, Ariz., commended House passage of H.R. 520, providing for the settlement of returning veterans on farms on reclamation project lands, and H. R. 2742, to open lands on the Boulder Canyon Project for entry, and urged additional appropriations to aid in providing farm homes for veterans (p. 11164).
6. ST. LAWRENCE SEAWAY. Rep. Pittenger, Minn., criticized "the lack of progress being made in the administration in connection with" this project (p. 11166).
7. STRIKES. Rules Committee reported resolutions for consideration of H. R. 32, providing for the protection of trade and commerce, and H.R. 3937, repealing the War Labor Disputes Act (pp. 11163, 11186).
8. CLAIMS. On objection of Reps. Cochran, Walter, Biemiller, Doyle, and Patterson passed over H.R. 2788, to amend 28 USC with regard to limiting the time for bringing action against the U.S. (pp. 11167-8).

Judiciary Committee reported without amendment H.R. 181, to provide for the

adjustment of certain tort claims against the U.S. and to confer jurisdiction on U.S. district courts (H. Rept. 1287) (p. 11186).

9. EDUCATION. Rep. Merrow, N.H., spoke on the United Nations Conference for the establishment of an Educational, Scientific, and Cultural Organization and inserted the constitution drawn up at the conference (pp. 11178-84).
10. WAR POWERS. The Judiciary Committee reported without amendment H.R. 4780, to amend the Second War Powers Act (H. Rept. 1282) (p. 11186).
11. FARM LABOR. The Select Committee to Investigate Executive Agencies, in its 9th Intermediate Report (see Digest 203) recommends that the National Labor Relations Act be amended by defining "agricultural labor" as the term is defined in the Internal Revenue Code, and that NLRB cease to deal with farm labor.
12. EXPORT-IMPORT BANK. The Banking and Currency Committee reported without amendment H.R. 4683, to authorize the Export-Import Bank to extend its operations to the Philippine Islands (H. Rept. 1285) (p. 11186).

SENATE

13. UNRRA APPROPRIATIONS. The Appropriations Committee reported with amendment H.J. Res. 266, the UNRRA-appropriation bill (S. Rept. 798) (p. 11134).
Sen. Thomas, Okla., submitted an amendment he intends to propose to this bill to prohibit the purchase of agricultural commodities at less than full parity or comparable price (p. 11135).
Received a Calif. Federation of Women's Clubs resolution favoring UNRRA appropriations (p. 11133).
14. PERSONNEL; TRAVEL. Received ODT Director's draft of proposed legislation to amend the act to provide for furnishing transportation for certain Government and other personnel necessary for the effective prosecution of the war. To Military Affairs Committee. (p. 11133.)
15. FARM EQUIPMENT. Sen. Langer, N. Dak., inserted a N. Dak. Barton Farmers' Union Local letter urging release of tires from European countries to "our own farmers" (pp. 11133-4).
16. EXPENDITURES; PERSONNEL. Sen. Byrd, Va., submitted the Joint (Byrd) Economy Committee report on civilian employment in the executive branch for Sept. and Oct. (p. 11134).
17. FLAG. The Judiciary Committee reported without amendment H.J. Res. 180, to give official recognition to the pledge of allegiance to the U.S. Flag (S. Rept. 800) (p. 11134).
18. NOMINATION. Received the nomination of Maple T. Harl to be a member of the FDI Board of Directors (p. 11161).
19. HOUSING. Sen. Wiley, Wis., criticized the "housing shortage" as a "national disgrace" and included two Milwaukee County (Wis.) resolutions on the subject (pp. 11135-6).
20. FOREIGN AFFAIRS. Began debate on S. 1580, to provide for appointment of U.S. representatives in the organs and agencies of the United Nations and to make other provisions with respect to U. S. participation in such organization (pp. 11144, 59).

high level of industrial activity. For it means not only that he can sell a larger volume of most agricultural products but that he can sell at more favorable prices than when the national income is depressed or is below the full employment level.

But still more. Not only will the shrunken pay envelope reduce the quantity of farm products that the farmers can sell, but it will reduce the prices that the farmers will get for their reduced sales. This is emphasized by an official of the United States Agriculture Department, Arthur P. Chew, who reports—the New Republic, September 17, 1945:

Under conditions of serious unemployment, with possibly seven or more million workers out of jobs, farm prices would decline at least 10 percent below parity; cash sales of farm commodities would drop to about \$12,000,000,000, as compared with \$20,000,000,000 in 1944. * * * With, say, 15,000,000 workers unemployed, agricultural prices might drop to 60 percent of parity and cash sales to possibly \$6,500,000,000.

PRICES OF THINGS FARMERS BUY

The necessary increases in wages and salaries will not require any increase in the prices of the things that farmers buy. American corporations can restore, in large part, the \$20,000,000,000 cut in the national pay envelope out of accumulated profits and the high level of profits they are due to make in 1946, despite high wartime taxes and the payment of billions in dividends. During six war years, 1940–45, they made \$52,000,000,000 in net profits, after taxes, according to the United States Department of Commerce. Of this vast amount they paid out \$25,900,000,000 to their stockholders and put \$25,100,000,000 into their treasuries.

Yearly wartime profits were \$8,700,000,000. Prewar profits, averaged between 1935 and 1939, were \$3,300,000,000. Wartime profits, after taxes, increased 160 percent.

What are prospects after the war? A hardheaded business journal, *Business Week*, estimates that 1946 profits will be \$8,000,000,000, and perhaps as high as \$10,000,000,000. Industry can afford higher wages without prices going up on the things farmers buy.

Farmers well know how much the processors, distributors, and monopolies that sell farm products to the public take for themselves from the dollar the consumer pays. The same is true in manufacturing.

Take a look at the farm-equipment industry, for example.

According to the United States Federal Trade Commission a three-bottom plow for which farmers paid \$153.50 had a manufacturing labor cost of any agricultural implement, the farmer paid \$100.84 and only \$14.66 went to the wage earners who produced it. Surely wage rates can be substantially increased here with no increase in price to the farmer.

Look at farm equipment industry profits:

During five war years the Big Six companies earned \$227,000,000 after all taxes. Certainly they can afford to increase wage and salary rates substantially.

CONCLUSION

Farmers have a big stake in labor's efforts to see that wages and salaries are

raised substantially. There can be no farm prosperity when city dwellers are underconsuming. But in order to buy what they need takes adequate pay envelopes. If only small wage and salary boosts are made, the farmer is going to feel it in lower prices and in unprofitable acreage. There can be no farm prosperity without substantial increases in the pay envelopes of the city wage earners and salaried employees who buy the farmers' products, because farm income is directly related to how much purchasing power is in the hands of urban wage earners and salaried employees.

(Mr. SAVAGE asked and was given permission to revise and extend his remarks.)

THE PSYCHOLOGICAL CONGRESS OF 1945-46 AND THE DEMOBILIZATION OF THE ARMED FORCES

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. McDONOUGH] is recognized for 5 minutes.

[Mr. McDONOUGH addressed the House. His remarks appear in the Appendix of today's RECORD.]

The SPEAKER. The time of the gentleman from California [Mr. McDONOUGH] has expired.

(Mr. McDONOUGH asked and was given permission to revise and extend his remarks.)

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BISHOP (at the request of Mr. MARTIN of Massachusetts) on account of illness.

To Mrs. NORTON, until January 3, 1946, on account of illness.

To Mr. JACKSON (at the request of Mr. KEFAUVER), for 30 days, on account of acting as a delegate representing the Congress at an International Maritime Commission meeting at Copenhagen, Denmark.

SENATE BILLS AND CONCURRENT RESOLUTION REFERRED

Bills and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 831. An act for the relief of James Alves Saucier; to the Committee on Claims.

S. 845. An act for the relief of Mabel Fowler; to the Committee on Claims.

S. 862. An act to amend the act entitled "An act for the relief of certain settlers in the townsite of Ketchum, Idaho," approved July 11, 1940, so as to extend for 3 years the time for making application for benefits thereunder; to the Committee on the Public Lands.

S. 896. An act to amend the act entitled "An act to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended," approved January 24, 1942, and for other purposes; to the Committee on the Civil Service.

S. 1077. An act for the relief of Oscar S. Reed; to the Committee on Claims.

S. 1152. An act to effectuate the purposes of the Servicemen's Readjustment Act of 1944 in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 1189. An act to provide for voluntary apprenticeship in the District of Columbia;

to the Committee on the District of Columbia.

S. 1212. An act to amend section 12 of the act entitled "An act to provide for the recording and releasing of liens by entries on certificates of title for motor vehicles and trailers, and for other purposes," approved July 2, 1940; to the Committee on the District of Columbia.

S. 1278. An act to provide for the taxation of rolling stock of railroad and other companies operated in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 1323. An act for the relief of the estate of William Carl Jones; to the Committee on Claims.

S. 1366. An act to authorize the State of Tennessee to convey a railroad right-of-way through Montgomery Bell Park; to the Committee on the Public Lands.

S. 1371. An act for the relief of Reginald Mitchell; to the Committee on Claims.

S. 1405. An act to authorize the President to retire certain officers and enlisted men of the Navy, Marine Corps, and Coast Guard, and for other purposes; to the Committee on Naval Affairs.

S. 1448. An act for the relief of William Wilson Wurster; to the Committee on Claims.

S. 1467. An act to provide for adjustment between the proper appropriations, of unpaid balances in the pay accounts of naval personnel on the last day of each fiscal year, and for other purposes; to the Committee on Naval Affairs.

S. 1489. An act to authorize payment for accumulated accrued annual leave to female dietitians and physical-therapy aides whose civilian appointments were terminated pursuant to section 4 of the act of December 22, 1942 (56 Stat. 1073); to the Committee on the Civil Service.

S. 1492. An act to reimburse certain Navy personnel and former Navy personnel for personal property lost or damaged as the result of a fire in building numbered 141 at the United States naval repair base, San Diego, Calif., on May 1, 1945; to the Committee on Claims.

S. 1532. An act to authorize the appointment of certain persons as permanent brigadier generals of the line of the Regular Army; to the Committee on Military Affairs.

S. 1533. An act to authorize the appointment of certain additional permanent major generals and brigadier generals of the line of the Regular Army, and for other purposes; to the Committee on Military Affairs.

S. 1545. An act to amend article 38 of the Articles for the Government of the Navy; to the Committee on Naval Affairs.

S. 1560. An act to amend the Service Extension Act of 1941, as amended, to extend reemployment benefits to former members of the Women's Army Auxiliary Corps who entered the Women's Army Corps; to the Committee on Military Affairs.

S. Con. Res. 22. Concurrent Resolution calling on the Secretary of the Interior for a report upon the minerals situation of the United States; to the Committee on Mines and Mining.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. ROGERS of New York, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 744. An act authorizing payments of rewards to postal employees for inventions;

H. R. 801. An act for the relief of Mrs. Catherine Driggers and her minor children;

H. R. 843. An act for the relief of Francis A. Hanley;

H. R. 850. An act for the relief of Sybil Gerorgette Townsend;

H. R. 875. An act for the relief of Nannie Bass;

H. R. 977. An act for the relief of John August Johnson;

H. R. 1142. An act for the relief of Carl Lewis;

H. R. 1192. An act granting travel pay and other allowances to certain soldiers of the War with Spain and the Philippine Insurrection who were discharged in the Philippine Islands;

H. R. 1316. An act for the relief of the estate of Mattie Lee Brown, deceased;

H. R. 1358. An act for the relief of O. M. Minatree;

H. R. 1512. An act to amend section 9 of the Pay Readjustment Act of 1942 (Public Law 607) by providing for the computation of double-time credits awarded between 1898 and 1912 in determining retired pay;

H. R. 1781. An act for the relief of Candler Cobb;

H. R. 1902. An act to amend section 4 of the act entitled "An act for the control of floods on the Mississippi River and its tributaries and for other purposes," approved May 15, 1928;

H. R. 1956. An act for the relief of Annie M. Lannon;

H. R. 1960. An act for the relief of the estate of Alfred Lewis Cosson, deceased, and others;

H. R. 1961. An act for the relief of Florentine H. Keeler, Harold S. Keeler, and Genevieve M. Keeler;

H. R. 1978. An act for the relief of Jay H. McCleary;

H. R. 2027. An act for the relief of the estate of Alexander McLean, deceased;

H. R. 2029. An act for the relief of Wesley J. Stewart;

H. R. 2160. An act for the relief of John J. Gall;

H. R. 2166. An act for the relief of the estate of Franz Tillman, deceased;

H. R. 2189. An act for the relief of Clifford E. Craig;

H. R. 2191. An act for the relief of Cleo E. Baker;

H. R. 2241. An act for the relief of Florence Zimmerman;

H. R. 2290. An act for the relief of Mary Galipeau;

H. R. 2300. An act for the relief of the estate of John R. Blackmore, and Louise D. Blackmore;

H. R. 2310. An act for the relief of James A. Brady;

H. R. 2399. An act for the relief of Arlethia Rosser;

H. R. 2427. An act for the relief of Mrs. Ruth Cox;

H. R. 2479. An act for the relief of Capt. Werner Holtz;

H. R. 2481. An act for the relief of the estate of Ed Edmondson;

H. R. 2512. An act for the relief of Helen Alton and Edwin Alton;

H. R. 2595. An act for the relief of Patrick A. Kelly;

H. R. 2620. An act for the relief of Leslie O. Allen;

H. R. 2642. An act for the relief of Mrs. Evelyn Johnson;

H. R. 2686. An act for the relief of Ben Greenwood and Dovie Greenwood;

H. R. 2810. An act for the relief of Mrs. Stuart B. Riley;

H. R. 2836. An act for the relief of Angelo Gianquitti and George Gianquitti;

H. R. 2874. An act to amend the Code of Laws for the District of Columbia to authorize any corporation formed under authority of subchapter 3 of chapter 18 of such code to specify in its bylaws that a less number than a majority of its trustees may constitute a quorum for the transaction of the business of the corporation;

H. R. 2886. An act for the relief of the estate of Harper Theodore Duke, Jr.;

H. R. 3011. An act for the relief of John Hames;

H. R. 3135. An act for the relief of Mrs. Addie S. Lewis;

H. R. 3137. An act for the relief of G. F. Allen, chief disbursing officer, Treasury Department, and for other purposes;

H. R. 3198. An act for the relief of the legal guardian of Sue Flippin Bratton, a minor;

H. R. 3225. An act for the relief of Rolla Duncan;

H. R. 3249. An act for the relief of Stanley J. Lilly;

H. R. 3302. An act for the relief of Christian H. Kreisler;

H. R. 3636. An act relating to the sale, in the District of Columbia, of certain small rockfish;

H. R. 3660. An act to provide for financial control of Government corporations;

H. R. 3790. An act for the relief of Genevieve Lund;

H. R. 3867. An act to amend the Code of Laws for the District of Columbia with respect to the making and publishing of annual reports by trust companies;

H. R. 3868. An act to provide that veterans may obtain copies of public records in the District of Columbia, without the payment of any fees, for use in presenting claims to the Veterans' Administration;

H. R. 3873. An act to provide for the opening of a road within the boundaries of the District of Columbia Training School property in Anne Arundel County, Md.;

H. R. 3979. An act to extend for the period of 1 year the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended;

H. R. 4018. An act for the relief of Robert A. Hudson;

H. R. 4411. An act to adjust the pay and allowances of members of the Navy Nurse Corps, and for other purposes; and

H. J. Res. 236. Joint resolution—providing for the continuance of the tax-exempt status of certain property in the District of Columbia when used and occupied by any department, agency, or instrumentality of the United States of America or by the American Red Cross.

ADJOURNMENT

Mr. HOOK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 9 minutes p. m.) the House adjourned until tomorrow, Tuesday, November 27, 1945, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

(Wednesday, November 28, 1945)

There will be a meeting of the Committee on Public Buildings and Grounds at 10 a. m. on Wednesday, November 28, 1945, in room 1304, New House Office Building, to consider H. R. 4719.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

(Thursday, November 29, 1945)

The Committee on the Merchant Marine and Fisheries will continue its consideration of H. R. 2346 and other related bills regarding benefits to merchant seamen on Thursday, November 29, 1945, at 10 a. m., in open hearings.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

838. A letter from the Administrator, Surplus Property Administration, transmitting

report on aircraft and aircraft parts; to the Committee on Expenditures in the Executive Departments.

839. A letter from the Archivist of the United States, transmitting report on records proposed for disposal by various Government agencies; to the Committee on Disposition of Executive Papers.

840. A letter from the Attorney General, transmitting a report (list No. 1) reciting the facts and pertinent provisions of law in the cases of six individuals whose deportation has been suspended for more than 6 months by his immediate predecessor, Attorney General Biddle; a report (list No. 2) of the cases of 1,257 individuals whose deportation has been suspended for more than 6 months by the Commissioner of the Immigration and Naturalization Service; and a report (list No. 3) of the cases of 190 individuals whose deportation has been suspended for more than 6 months by him, together with a statement of the reason for such suspension; to the Committee on Immigration and Naturalization.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOBBS: Committee on the Judiciary. H. R. 4780. A bill to amend the Second War Powers Act, 1942, as amended; without amendment (Rept. No. 1282). Referred to the Committee of the Whole House on the State of the Union.

Mr. SABATH: Committee on Rules. House Resolution 406. Resolution providing for the consideration of H. R. 32, to amend the act entitled "An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation," approved June 18, 1934; without amendment (Rept. No. 1283). Referred to the House Calendar.

Mr. SABATH: Committee on Rules. House Resolution 407. Resolution providing for the consideration of H. R. 3937, to repeal the War Labor Disputes Act and to abolish the National War Labor Board; without amendment (Rept. No. 1284). Referred to the House Calendar.

Mr. SPENCE: Committee on Banking and Currency. H. R. 4683. A bill to authorize the Export-Import Bank of Washington to extend its operations to include the Philippine Islands; without amendment (Rept. No. 1285). Referred to the Committee of the Whole House on the State of the Union.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 4149. A bill to provide for the establishment of lawful entry into the United States of certain aliens not subject to deportation who entered the United States prior to July 1, 1924; with amendment (Rept. No. 1286). Referred to the Committee of the Whole House on the State of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 181. A bill to provide for the adjustment of certain tort claims against the United States and to confer jurisdiction in respect thereto on the district courts of the United States; and for other purposes; without amendment (Rept. No. 1287). Referred to the Committee of the Whole House on the State of the Union.

Mr. CANNON of Missouri: Committee on Appropriations. H. R. 4805. A bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, and for other purposes; without amendment (Rept. No. 1288). Referred to the Committee of the Whole House on the State of the Union.

79TH CONGRESS
1ST SESSION

H. R. 4780

[Report No. 1282]

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 23, 1945

Mr. SUMNERS of Texas introduced the following bill; which was referred to the Committee on the Judiciary

NOVEMBER 26, 1945

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend the Second War Powers Act, 1942, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) title II of the Second War Powers Act, 1942,
4 as amended, is amended by adding thereto the following
5 section:

6 “SEC. 202. The Authority to acquire property, or any
7 use thereof or interest therein, granted by section 2 of such
8 Act of July 2, 1917, shall not be exercised after the date
9 upon which this section becomes effective.”

10 (b) Title IX of the Second War Powers Act, 1942,
11 as amended, is hereby repealed.

12 (c) Title XI of the Second War Powers Act, 1942, as

1 amended, is hereby amended by adding thereto the following
2 section:

3 "SEC. 1107. On and after January 1, 1946, the au-
4 thority granted by this title shall be exercised only for the
5 benefit of personnel of the armed forces of the United
6 States stationed abroad."

7 (d) Title XII of the Second War Powers Act, 1942, as
8 amended, is hereby amended by substituting the date "De-
9 cember 31, 1945" for the date "December 31, 1946"
10 wherever the latter date appears in such title.

11 (e) Section 1501 of title XV of the Second War Powers
12 Act, 1942, as amended, is hereby amended to read as
13 follows:

14 "SEC. 1501. Titles I to V, inclusive, and titles VII, XI,
15 and XIV of this Act, and the amendments to existing law
16 made by any such title, shall remain in force only until June
17 30, 1946, or until such earlier time as the Congress by con-
18 current resolution, or the President, may designate, and after
19 such amendments cease to be in force any provision of law
20 amended thereby shall be in full force and effect as though
21 this Act had not been enacted; but court proceedings
22 brought under any such title shall not abate by reason of
23 the termination hereunder of such title."

79TH CONGRESS
1ST SESSION

H. R. 4780

[Report No. 1282]

A BILL

To amend the Second War Powers Act, 1942,
as amended.

By Mr. SUMNERS of Texas

NOVEMBER 23, 1945

Referred to the Committee on the Judiciary

NOVEMBER 26, 1945

Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

AMENDING THE SECOND WAR POWERS ACT, 1942, AS
AMENDED

NOVEMBER 26, 1945.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HOBBS, from the Committee on the Judiciary, submitted the
following

REPORT

[To accompany H. R. 4780]

The Committee on the Judiciary, to whom was referred the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended, after consideration, report favorably thereon with the recommendation that the bill do pass.

The bill would amend the Second War Powers Act, as amended, in five respects.

1. It amends title II to eliminate the power to seize real property.
2. It repeals title IX dealing with free postage for members of the armed forces.
3. It adds a new section to title XI, which reads as follows:

On and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of personnel of the armed forces of the United States stationed abroad.

4. It amends title XII by substituting the date "December 31, 1945" for the date "December 31, 1946" as the date upon which the Treasury is to return to the minting of 5-cent pieces of the prewar metallic content.

5. It extends for 6 months titles I through V, VII, XI, and XIV of the act.

GENERAL STATEMENT

By the grace and guidance of Almighty God, the brilliance and devotion of our civilian and martial leadership and the heroism of the men and women who composed the team of the United Nations, the Axis Powers have been brought to unconditional surrender, yet neither the war nor the peace has been won. Our victory then is neither final nor complete. We still have before us and our allies

years of service in foreign lands, requiring the solution of problems at least as difficult as were those of war.

The conflagration that so recently blanketed the globe, still flares in spots. We have learned that no place is too remote to be a menace. Nor can it be doubted that fire spreads. Military and naval might, even including atomic bombs, do not quench the fire of war so potently as the milk of human kindness. No civilized nation, much less one that is Christian, can allow even surrendered enemies to starve or freeze when we have enough and to spare. That would not even be good business, were we so base as to be governed by no higher motive. Even more incumbent on us is it to share with our allies in the liberated countries; and, of course, we must not fail to provide adequately for our own forces of occupation. This job cannot be done until the last man or woman so engaged shall have been brought safely home and be happily rehabilitated into our peacetime economy.

During our preparation for adequate national defense, and while the shooting part of the war was on, the Congress of necessity had to grant extraordinary powers for such purposes and for the fulfillment of the inevitable aftermath. These were loosely called war powers.

Now that we have won back much of our safety and peace, it is the determination of Congress to recapture those powers as speedily as may be wise, for the people, so that they may be again exercised in accordance with the slower but more desirable processes of democracy.

The study of the situation by your committee has revealed that the Presidents and the agencies of Government that have been exercising these war powers agree with the thought of the Congress as shown by their records. The following synopsis not only shows such agreement, but also discloses no reason to doubt that they will continue to diminish their personnel and surrender their powers as rapidly as possible with safety. A survey of the five chief agencies exercising controls under title III of the Second War Powers Act indicates that they have reduced their outstanding controls and administrative personnel as follows:

REDUCTION IN CONTROLS EXERCISED UNDER TITLE III OF THE SECOND WAR POWERS ACT, AND OF PERSONNEL ENGAGED IN ADMINISTRATION OF THESE CONTROLS

War Production Board-Civilian Production Administration.—At its peak prior to VE-day, this agency had outstanding slightly over 700 basic orders and schedules. Approximately 200 of these were lifted shortly after VE-day, and as of November 1 the number had been reduced to 73.

Personnel has been reduced from a peak of about 23,000 in February 1943 to less than 11,000 at the end of August, less than 4,000 on November 3, and it is planned to reach a figure of 400 by June 30, 1946.

Office of Defense Transportation.—On VJ-day this agency had outstanding slightly over 2,950 orders under title III of the Second War Powers Act. By December 1, 1945, all of these orders will have been revoked, and this agency will no longer exercise controls under this act. The reduction in personnel engaged on title III administration has been as follows: June 1, 1944 (peak), 3,897; VJ-day, 2,333; November 1, 1945, 54; December 1, 1945 (estimated), 0.

Department of Agriculture.—On August 1, 1945, this Agency had outstanding 94 general food orders and on April 1, 1945, 194 suborders. These two dates are chosen because they are the dates on which the greatest number of general and suborders, respectively, were in existence. As of November 14, 1945, there were outstanding 56 basic orders and 173 suborders. Of these 173, however, 144 were suspended. That is to say, they are temporarily inoperative and the Department of Agriculture believes that probably they will not be made operative again.

Personnel engaged in administering these orders has been reduced from 1,000 at the end of the fiscal year to 550 as of November 14, 1945.

Solid Fuels Administration.—This agency had outstanding 13 general orders prior to VJ-day. Of these 13 only 6 remain today and of these 6, 1 has been confined to operations east of the Mississippi River. It is believed that all controls will be lifted at the end of the coal year, March 31.

Personnel engaged in title III activities has been reduced from 700 employees prior to VJ-day to 650 at the present time, and will continue to decrease to 50 at the end of the coal year. These 50 will be engaged in clean-up work.

Office of Price Administration.—On VJ-day this agency had 16 major rationing programs in effect on a national basis. This number has been reduced to two.

Paid employees (as opposed to volunteers) actually engaged in administering the rationing programs have decreased from 27,055 on August 15, 1945, to 8,952 on October 31, 1945. This figure includes field offices and local boards. Actually the reduction has been greater since these figures do not include reductions in "overhead" employees indirectly concerned with rationing. Proportionately heavy reductions have been made in this category, as well.

The committee has concluded that extension of certain titles of the Second War Powers Act for a period of 6 months is essential in order to assure an orderly liquidation of much of our wartime economy and to aid reconversion. The necessity results basically from the fact that our armed forces and industry are still deployed for war, and from the continuance of a number of basic shortages which threaten to cripple industry and to cause inconvenience or even suffering to consumers. A brief recapitulation of the various titles of the Second War Powers Act follows and of the action which the committee believes should be taken with respect to each.

TITLE I—EMERGENCY POWERS OF THE INTERSTATE COMMERCE COMMISSION OVER MOTOR AND WATER CARRIERS

Under this title the War Shipping Administration operates certain coastwise lines which should be maintained until the return of vessels to their former owners can be accomplished so as to restore normal peacetime traffic. In addition the Army and Navy are authorized under this title to operate certain bus lines serving camps and emergency facilities where otherwise no such transportation would be available. Pending further demobilization of the armed services and return of vessels to their owners the authority of this title appears necessary.

TITLE II—ACQUISITION AND DISPOSITION OF PROPERTY

This title permits the seizure by the Government of real property prior to condemnation proceedings and to some extent facilitates disposal. Because of the drastic nature of the seizure powers the committee recommends that these provisions of the title be permitted to lapse. A continuation of the disposal features is necessary because of the extensive temporary real-estate holdings of the Army and Navy.

TITLE III—PRIORITIES POWERS

This title establishes the powers under which the War Production Board-Civilian Production Administration, Office of Price Administration, Department of Agriculture, Office of Defense Transportation, Solid Fuels Administration, and certain other agencies have allocated and rationed materials and facilities. The powers were used up to the capitulation of Japan for a twofold purpose—to assure simultaneously the production of a maximum quantity of war materials in a minimum of time, and of materials necessary to support the basic civilian economy. Since that date there has been a change of emphasis in the exercise of these powers by the departments in the belief that Congress intended the defense program to include an orderly reconversion to a peacetime economy. During the next few months there will necessarily be a further change of emphasis in the exercise of these powers, with an increasing use for reconversion purposes as distinguished from the primary military purposes. While both priorities and allocations will be granted where necessary to assure support of our Army and Navy, the primary task will be the liquidation of our war effort and the hastening of reconversion and restoring the flow of materials to peacetime channels.

The exercise of these powers after the end of this year will be necessary in order to accomplish the following broad program:

(1) *Allocation and conservation of scarce materials.*—During the next few months there will be extremely severe shortages of certain essential industrial materials. Tin is an excellent example. Until the supply becomes considerably greater, which will not be for some time in the future, it will be absolutely necessary for the Civilian Production Administration to prevent the use of tin in any application where there is a reasonably satisfactory substitute and to divide the available supply equitably among the competing claimants. Unless the Civilian Production Administration can require conservation of tin, our stocks will be dissipated within a very few months, largely because of wasteful uses. Unless the supply can be allocated among essential users, it is possible that a few companies will obtain much more than their fair share, thereby depriving other companies of this necessary material. Our resources of certain other materials, such as lead, rubber, and antimony, must similarly be husbanded carefully and distributed fairly if we are to avoid crippling reconversion.

(2) *Breaking of bottlenecks.*—In numerous instances plants reconverting from wartime to peacetime production are hindered by inability to obtain one or more essential tools and other components. By careful use of the priorities powers the CPA has been able to break many such bottlenecks, making possible the operation of plants which would otherwise be closed. The power is also used for breaking

bottlenecks which threaten industries as a whole by increasing the production of some minor but indispensable components. For instance, production of certain construction materials, lack of which seriously threatens the building program, has been greatly increased through a comparatively minor use of the priorities powers. Unless these powers can be exercised during the coming months, the Nation will be faced with plants unable to operate for the lack of minor items of equipment, and with industries operating at a fraction of their capacity for lack of component materials.

(3) *Inventory controls*.—A large number of basic materials are presently in sufficient supply to permit removal of all restrictions on their use and distribution, but the balance between supply and demand remains precarious. There is a very serious threat that speculative buying and inventory hoarding will disturb this balance, as actually happened following World War I. In order to prevent any such occurrence the CPA prohibits accumulation of inventories of these materials beyond current industrial needs. Continuation of this type of restriction is essential if we are to avoid danger of crippling artificial shortages.

(4) *Rationing*.—There will be continuing shortages of sugar, probably until the domestic sugar-beet harvest in the fall of 1946. On November 24, 1945, meats, fats, and oils were lifted from rationing. Although fats and oils and some cuts of meat are expected to remain in short supply for a time, this most recent release of rationing is an indication of the policy of the administration.

(5) *Low-end programs*.—When the supply of certain basic materials is short there is a tendency to use these materials only for the fabrication of comparatively high-priced articles, since these high-priced articles generally provide a larger margin of profit. This situation is particularly acute in the textile industry where garment manufacturers have tended to concentrate on production of high-cost garments. This results not only in decreasing the total quantity of clothing available (since by and large the more expensive garments consume greater quantities of textiles), but in increasing very seriously the cost of living by forcing consumers to purchase the more expensive items. The CPA and the OPA working together have initiated programs under which priorities are granted to producers of low-cost clothing, with a result that a fair share of the available textiles are channeled into this field. Termination of this power would seriously intensify the present severe shortage of such items as low-cost shirts and underwear.

(6) *Foreign programs*.—The United States has entered into a number of commitments to supply foreign nations with materials which they desperately need. Export of certain of these materials is essential if labor in foreign areas, such as Malaya, is to be induced to produce materials, such as tin, which we ourselves require. Other exports are necessary to prevent widespread disaster and loss of life in liberated areas. Unless we can allocate certain materials, notably foods and textiles, for export we will be unable to meet these commitments.

The committee has considered the possibility of rewriting this title so as to restrict its exercise to specific materials and has concluded that this is impractical. In the first place, it is impossible to state definitely exactly which materials will be in short supply during the next half year to require some form of action. It was believed this summer,

for instance, that all controls over coal distribution could be dispensed with before the end of the year, but the coal strike necessitated a revision of this point of view and it appears probable that controls will be required until next spring.

TITLE IV—PURCHASE BY FEDERAL RESERVE BANKS OF GOVERNMENT OBLIGATIONS

This title permits sale of Government obligations to the Federal Reserve System up to \$5,000,000,000. This affords the Treasury an opportunity for short-term financing at emergency periods and should be continued during the immediate future when considerable financial fluctuations are threatened, pending consideration by the Congress whether some permanent legislation along these lines is warranted. The committee respectfully recommends that the appropriate legislative committees should give study to permanent legislation of this character.

TITLE V—WAIVER OF NAVIGATION AND INSPECTION LAWS

Under this title certain of the manning and equipment restrictions placed on the operation of American vessels are waived. This is absolutely essential if transportation is to be made available to bring back our troops from overseas. As an example, over 200 Liberty ships are now carrying from 784 to 1,943 persons per trip, but without the authority of title V the maximum of 68 persons, including the crew of 56, could be transported. Should this title lapse, return of overseas personnel would be most seriously delayed.

TITLE VI—POWER TO REQUISITION

This title has already been extended to June 30, 1946 (Public Law 102, 79th Cong., approved June 30, 1945), and no further extension is contemplated at this time.

TITLE VII—POLITICAL ACTIVITY

This title exempts from the provisions of the Hatch Act part-time employees who serve without compensation or with only nominal compensation. It affects primarily members of local price and rationing boards and selective service boards. The OPA and the Selective Service System make every effort to assure themselves that members of these boards do not presume upon this exemption, but so long as personnel of these boards continue to donate their services to the United States it appears appropriate to continue it in force.

TITLE VIII—PROTECTION OF WAR INDUSTRIES AND PROTECTION OF RESOURCES SUBJECT TO HAZARDS OF FOREST FIRES

This title has already lapsed and should not be renewed.

TITLE IX—FREE POSTAGE FOR SOLDIERS, SAILORS, AND MARINES

This title should be repealed since the free postage privilege has now been extended to members of the armed services by section 10 of Public Law No. 190 of the Seventy-ninth Congress, approved October 6, 1945.

TITLE X—NATURALIZATION OF PERSONS SERVING IN THE ARMED FORCES OF THE UNITED STATES DURING THE PRESENT WAR

No termination date of this title appears in the act and accordingly no action is required.

TITLE XI—ACCEPTANCE OF CONDITIONAL GIFTS TO FURTHER THE WAR PROGRAM

This title could be permitted to lapse at this time were it not that under its authority the French Government contributes francs which are paid out to American military personnel in France to help them to meet the unfavorable rate of exchange. In order to permit continuation of this program, an amendment is suggested which would confine the operation of this title to gifts made for the benefit of members of the armed services.

TITLE XII—COINAGE OF 5-CENT PIECES

Under this title the Treasury is permitted to coin 5-cent pieces made one-half of copper and one-half of silver until December 31, 1946. Since nickel is now available it seems desirable to return to the peacetime basis at the end of this year. An amendment to this effect is suggested in the bill. No expiration date is expressed in the act or the title and its repeal would be unwise since the redemption provisions must be exercised after December 31, 1945.

TITLE XIII—INSPECTION AND AUDIT OF WAR CONTRACTORS

No expiration date is expressed in the act and no action is necessary.

TITLE XIV—UTILIZATION OF VITAL WAR INFORMATION

This title makes possible the collection and dissemination of various statistical data within the Government. On the basis of this information the conversion from peace to war was accomplished and the availability of this information appears equally necessary for planning reconversion from war to peace. The title should, therefore, be extended to aid in the administration of the powers conferred by title III. The committee respectfully recommends that the appropriate legislative committees should give study to permanent legislation of this character.

TITLE XV—TIME LIMIT AND SHORT TITLE

The proposed amendments to the title merely extend certain of the previous titles for 6 months, in accordance with comments made above in regard to these specific titles.

CHANGES IN EXISTING LAW

In compliance with clause 2a of rule XIII of the House of Representatives there is printed below in roman existing law in which no change is proposed, with new matter shown in *italic*, and with matter proposed to be omitted enclosed in black brackets:

TITLE I—EMERGENCY POWERS OF THE INTERSTATE COMMERCE COMMISSION OVER MOTOR AND WATER CARRIERS

SEC. 101. Section 204 of the Interstate Commerce Act, as amended (U. S. C., 1940 ed., title 49, sec. 304), is hereby amended by adding after subsection (d) thereof the following:

"(c) The Commission shall have authority with respect to motor carriers, to be exercised under similar circumstances and procedure, equivalent to the authority it has with respect to other carriers under section 1 (15) of part I, and shall have authority, to the extent necessary to facilitate the prosecution of the war and not in contravention of State laws and regulations with respect to sizes and weights of motor vehicles, to make reasonable directions with respect to equipment, service, and facilities of motor carriers, and to require the joint use of equipment, terminals, warehouses, garages, and other facilities; and motor carriers shall be subject to the same penalties for failure to comply with action taken by the Commission under this paragraph as other carriers for failure to comply with action taken by the Commission under section 1 (15) of part I.

"(f) Notwithstanding any other applicable provision of this Act, to the extent that it may be in the public interest, the Commission may modify, change, suspend or waive any order, certificate, permit, license, rule, or regulation issued under this part."

SEC. 102. Subsection (a) of section 210a of said Act, as amended (U. S. C., 1940 ed., title 49, sec. 310a (a)), is hereby amended by striking out the words "but for not more than an aggregate of one hundred and eighty days".

SEC. 103. Subsection (a) of section 311 of said Act, as amended (U. S. C., 1940 ed., title 49, sec. 911 (a)), is hereby amended by striking out the words "but not for more than an aggregate of one hundred and eighty days".

TITLE II—ACQUISITION AND DISPOSITION OF PROPERTY

SEC. 201. The Act of July 2, 1917 (40 Stat. 241), entitled "An Act to authorize condemnation proceedings of lands for military purposes," as amended, is hereby amended by adding at the end thereof the following section:

"SEC. 2. The Secretary of War, the Secretary of the Navy, or any other officer, board, commission, or governmental corporation authorized by the President, may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court having jurisdiction of such proceedings, to acquire by condemnation, any real property, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that shall be deemed necessary, for military, naval, or other war purposes, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), or any other applicable Federal statute, and may dispose of such property or interest therein by sale, lease, or otherwise, in accordance with section 1 (b) of the Act of July 2, 1940 (54 Stat. 712). Upon or after the filing of the condemnation petition, immediate possession may be taken and the property may be occupied, used, and improved for the purposes of this Act, notwithstanding any other law. Property acquired by purchase, donation, or other means of transfer may be occupied, used, and improved, for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended."

Sec. 202. The authority to acquire property, or any use thereof or interest therein, granted by section 2 of such Act of July 2, 1917, shall not be exercised after the date upon which this section becomes effective.

TITLE III—PRIORITIES POWERS

SEC. 301. Subsection (a) of section 2 of the Act of June 28, 1940 (54 Stat. 676), entitled "An Act to expedite national defense, and for other purposes", as amended by the Act of May 31, 1941 (Public Law Numbered 89, Seventy-seventh Congress), is hereby amended to read as follows:

"SEC. 2. (a) (1) That whenever deemed by the President of the United States to be in the best interests of the national defense during the national emergency declared by the President on September 8, 1939, to exist, the Secretary of the Navy is hereby authorized to negotiate contracts for the acquisition, construction, repair, or alteration of complete naval vessels or aircraft, or any portion thereof, including plans, spare parts, and equipment therefor, that have been or may be authorized, and also for machine tools and other similar equipment, with or without advertising or competitive bidding upon determination that the price is

fair and reasonable. Deliveries of material under all orders placed pursuant to the authority of this paragraph and all other naval contracts or orders and deliveries of material under all Army contracts or orders shall, in the discretion of the President, take priority over all deliveries for private account or for export: *Provided*, That the Secretary of the Navy shall report every three months to the Congress the contracts entered into under the authority of this paragraph: *Provided further*, That contracts negotiated pursuant to the provisions of this paragraph shall not be deemed to be contracts for the purchase of such materials, supplies, articles, or equipment as may usually be bought in the open market within the meaning of section 9 of the Act entitled 'An Act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes', approved June 30, 1936 (49 Stat. 2036; U. S. C., Supp. V, title 41, secs. 35-45): *Provided further*, That nothing herein contained shall relieve a bidder or contractor of the obligation to furnish the bonds under the requirements of the Act of August 24, 1935 (49 Stat. 793; 40 U. S. C. 270 (a) to (d)): *Provided further*, That the cost-plus-a-percentage-of-cost system of contracting shall not be used under the authority granted by this paragraph to negotiate contracts; but this proviso shall not be construed to prohibit the use of the cost-plus-a-fixed-fee form of contract when such use is deemed necessary by the Secretary of the Navy: *And provided further*, That the fixed fee to be paid the contractor as a result of any contract entered into under the authority of this paragraph, or any War Department contract entered into in the form of cost-plus-a-fixed-fee, shall not exceed 7 per centum of the estimated cost of the contract (exclusive of the fee as determined by the Secretary of the Navy or the Secretary of War, as the case may be).

"(2) Deliveries of material to which priority may be assigned pursuant to paragraph (1) shall include, in addition to deliveries of material under contracts or orders of the Army or Navy, deliveries of material under—

"(A) Contracts or orders for the government of any country whose defense the President deems vital to the defense of the United States under the terms of the Act of March 11, 1941, entitled 'An Act to promote the defense of the United States';

"(B) Contracts or orders which the President shall deem necessary or appropriate to promote the defense of the United States;

"(C) Subcontracts or suborders which the President shall deem necessary or appropriate to the fulfillment of any contract or order as specified in this subsection (a).

Deliveries under any contract or order specified in this subsection (a) may be assigned priority over deliveries under any other contract or order; and the President may require acceptance of and performance under such contracts or orders in preference to other contracts or orders for the purpose of assuring such priority. Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any material or of any facilities for defense or for private account or for export, the President may allocate such material or facilities in such manner, upon such conditions and to such extent as he shall deem necessary or appropriate in the public interest and to promote the national defense.

"(3) The President shall be entitled to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, any person (which for the purpose of this subsection (a), shall include any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not), and make such investigations, as may be necessary or appropriate, in his discretion, to the enforcement or administration of the provisions of this subsection (a).

"(4) For the purpose of obtaining any information, verifying any report required, or making any investigation pursuant to paragraph (3), the President may administer oaths and affirmations, and may require by subpoena or otherwise the attendance and testimony of witnesses and the production of any books or records or any other documentary or physical evidence which may be relevant to the inquiry. Such attendance and testimony of witnesses and the production of such books, records, or other documentary or physical evidence may be required at any designated place from any State, Territory, or other place subject to the jurisdiction of the United States: *Provided*, That the production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person resides or transacts business, if, prior to the return date specified in the subpoena issued with respect thereto, such person

furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. No person shall be excused from attending and testifying or from producing any books, records, or other documentary evidence or certified copies thereof or physical evidence in obedience to any such subpoena, or in any action or proceeding which may be instituted under this subsection (a), on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be subject to prosecution and punishment or to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that any such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying. The President shall not publish or disclose any information obtained under this paragraph which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless the President determines that the withholding thereof is contrary to the interest of the national defense and security; and anyone violating this provision shall be guilty of a felony and upon conviction thereof shall be fined not exceeding \$1,000, or be imprisoned not exceeding two years, or both.

"(5) Any person who willfully performs any act prohibited, or willfully fails to perform any act required by, any provision of this subsection (a) or any rule, regulation, or order thereunder, whether heretofore or hereafter issued, shall be guilty of a misdemeanor, and shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than one year, or both.

"(6) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States and the courts of the Philippine Islands shall have jurisdiction of violations of this subsection (a) or any rule, regulation, or order or subpoena thereunder, whether heretofore or hereafter issued, and of all civil actions under this subsection (a) to enforce any liability or duty created by, or to enjoin any violation of, this subsection (a) or any rule, regulation, order, or subpoena thereunder whether heretofore or hereafter issued. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; and subpoena for witnesses who are required to attend a court in any district in any such case may run into any other district. No costs shall be assessed against the United States in any proceeding under this subsection (a).

"(7) No person shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from compliance with this subsection (a) or any rule, regulation, or order issued thereunder, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid.

"(8) The President may exercise any power, authority, or discretion conferred on him by this subsection (a), through such department, agency, or officer of the Government as he may direct and in conformity with any rules or regulations which he may prescribe."

"(9) The district courts of the United States are hereby given exclusive jurisdiction to enjoin or set aside, in whole or in part, any order suspending any priority or allocation, or denying a stay of any such suspension, that may have been issued by any person, officer, or agency, acting or purporting to act hereunder, or under any other law or authority.

"Any action to enjoin or set aside any such order shall be brought within five days after the service thereof.

"No suspension order shall take effect within five days after it has been served, or, if an application for a stay is made to the issuing authority within such five-day period, until the expiration of five days after service of an order denying the stay.

"The venue of any such suit shall be in the district court of the United States for the district in which the petitioner has his principal place of business; and the

respondent shall be subject to the jurisdiction of such court after ten days before the return day of the writ, either when (1) process shall have been served on any district manager or other agent of the respondent of similar or superior status; or (2) notice by registered mail shall have been given to respondent, or to the office of the Attorney General of the United States."

TITLE IV—PURCHASE BY FEDERAL RESERVE BANKS OF GOVERNMENT OBLIGATIONS

SEC. 401. Subsection (b) of section 14 of the Act of December 23, 1913 (38 Stat. 265), otherwise known as the Federal Reserve Act, as amended, is hereby amended by striking out the proviso therein and inserting in lieu thereof the following: "*Provided*, That any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities either in the open market or directly from or to the United States; but all such purchases and sales shall be made in accordance with the provisions of section 12A of this Act and the aggregate amount of such obligations acquired directly from the United States which is held at any one time by the twelve Federal Reserve banks shall not exceed \$5,000,000,000."

TITLE V—WAIVER OF NAVIGATION AND INSPECTION LAWS

SEC. 501. The head of each department or agency responsible for the administration of the navigation and vessel inspection laws is directed to waive compliance with such laws upon the request of the Secretary of the Navy or the Secretary of War to the extent deemed necessary in the conduct of the war by the officer making the request. The head of such department or agency is authorized to waive compliance with such laws to such extent and in such manner and upon such terms as he may prescribe either upon his own initiative or upon the written recommendation of the head of any other Government agency whenever he deems that such action is necessary in the conduct of the war.

TITLE VI—POWER TO REQUISITION

SEC. 601. The last paragraph of section 1 of the Act of October 16, 1941 (55 Stat. 742), entitled "An Act to authorize the President of the United States to requisition property required for the defense of the United States", is amended by deleting subdivision (3) thereof, so that the paragraph will read as follows: "Nothing contained in this Act shall be construed—

"(1) to authorize the requisitioning or require the registration of any firearms possessed by an individual for his personal protection or sport (and the possession of which is not prohibited or the registration of which is not required by existing law),

"(2) to impair or infringe in any manner the right of any individual to keep and bear arms."

SEC. 602. The second sentence of the first paragraph of section 1 of the Act of October 16, 1941 (55 Stat. 742), entitled "An Act to authorize the President of the United States to requisition property required for the defense of the United States", is amended by striking out the words "on the basis of the fair market value of the property at" and inserting in lieu thereof the words "as of"; and at the end of such sentence, before the period, inserting the words ", in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States", so that such sentence will read as follows: "The President shall determine the amount of the fair and just compensation to be paid for any property requisitioned and taken over pursuant to this Act and the fair value of any property returned under section 2 of this Act, but each such determination shall be made as of the time it is requisitioned or returned, as the case may be, in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States."

TITLE VII—POLITICAL ACTIVITY

SEC. 701. Subsection (a) of section 9 of the Act of August 2, 1939 (53 Stat. 1148), entitled "An Act to prevent pernicious political activities", as amended, is hereby amended by adding in the second sentence after the word "thereof" the words "except a part-time officer or part-time employee without compensation or with nominal compensation serving in connection with the existing war effort, other than in any capacity relating to the procurement or manufacture of war material".

[TITLE IX—FREE POSTAGE FOR SOLDIERS, SAILORS, AND MARINES]

[SEC. 901. Any first-class letter mail matter admissible to the mails as ordinary mail matter which is sent by a member of the military or naval forces of the United States (including the United States Coast Guard), while on active duty or in the active military or naval service of the United States, to any person in the United States, including the Territories and possessions thereof, shall be transmitted in the mails, free of postage, subject to such rules and regulations as the Postmaster General shall prescribe.]

TITLE X—NATURALIZATION OF PERSONS SERVING IN THE ARMED FORCES OF THE UNITED STATES DURING THE PRESENT WAR

SEC. 1001. The Act of October 14, 1940 (54 Stat. 1137; U. S. C., 1940 edition, title 8, sees. 501-907), entitled "An Act to revise and codify the nationality laws of the United States into a comprehensive nationality code", is hereby amended by adding thereto a new title as follows:

"TITLE III

"SEC. 701. Notwithstanding the provisions of sections 303 and 326 of this Act, any person not a citizen, regardless of age, who has served or hereafter serves honorably in the military or naval forces of the United States during the present war and who, having been lawfully admitted to the United States, including its Territories and possessions, shall have been at the time of his enlistment or induction a resident thereof, may be naturalized upon compliance with all the requirements of the naturalization laws except that (1) no declaration of intention and no period of residence within the United States or any State shall be required; (2) the petition for naturalization may be filed in any court having naturalization jurisdiction regardless of the residence of the petitioner; (3) the petitioner shall not be required to speak the English language, sign his petition in his own handwriting, or meet any educational test; and (4) no fee shall be charged or collected for making, filing, or docketing the petition for naturalization, or for the final hearing thereon, or for the certification of naturalization, if issued: *Provided, however,* That (1) there shall be included in the petition the affidavits of at least two credible witnesses, citizens of the United States, stating that each such witness personally knows the petitioner to be a person of good moral character, attached to the principles of the Constitution of the United States, and well disposed to the good order and happiness of the United States, (2) the service of the petitioner in the military or naval forces of the United States shall be proved by affidavits, forming part of the petition, of at least two citizens of the United States, members or former members during the present war of the military or naval forces of the noncommissioned or warrant officer grade or higher (who may be the witnesses described in clause (1) of this proviso), or by a duly authenticated copy of the record of the executive department having custody of the record of petitioner's service, showing that the petitioner is or was during the present war a member serving honorably in such armed forces, and (3) the petition shall be filed not later than one year after the termination of the effective period of those titles of the Second War Powers Act, 1942, for which the effective period is specified in the last title thereof. The petitioner may be naturalized immediately if prior to the filing of the petition the petitioner and the witnesses required by the foregoing proviso shall have appeared before and been examined by a representative of the Immigration and Naturalization Service.

"SEC. 702. During the present war, any person entitled to naturalization under section 701 of this Act, who while serving honorably in the military or naval forces of the United States is not within the jurisdiction of any court authorized to naturalize aliens, may be naturalized in accordance with all the applicable provisions of section 701 without appearing before a naturalization court. The petition for naturalization of any petitioner under this section shall be made and sworn to before, and filed with, a representative of the Immigration and Naturalization Service designated by the Commissioner or a Deputy Commissioner, which designated representative is hereby authorized to receive such petition in behalf of the Service, to conduct hearings thereon, to take testimony concerning any matter touching or in any way affecting the admissibility of any such petitioner for naturalization, to call witnesses, to administer oaths, including the oath of the petitioner and his witnesses to the petition for naturalization and the oath of renunciation and allegiance prescribed by section 335 of this Act, and to grant naturalization, and to issue certificates of citizenship: *Provided,* That the record

of any proceedings hereunder together with a copy of the certificate of citizenship shall be forwarded to and filed by the clerk of a naturalization court in the district in which the petitioner is a resident and be made a part of the record of the court.

"SEC. 703. The ninety days' notice required by subsection (b) of section 326 of this Act to be given by the clerk of the naturalization court to the Commissioner may be waived by the Commissioner in his discretion. In any petition in which such notice is waived the Commissioner shall cause the clerk of court to be notified to that effect.

"SEC. 704. The provisions of this title shall not apply to (1) any person who during the present war is dishonorably discharged from the military or naval forces or is discharged therefrom on account of his alienage, or (2) any conscientious objector who performed no military duty whatever or refused to wear the uniform: *Provided*, That citizenship granted pursuant to this title may be revoked as to any person subsequently dishonorably discharged from the military or naval forces in accordance with section 338 of this Act; and such ground for revocation shall be in addition to any other provided by law.

"SEC. 705. The Commissioner, with the approval of the Attorney General, shall prescribe and furnish such forms, and shall make such rules and regulations, as may be necessary to carry into effect the provisions of this Act.

*TITLE XI—ACCEPTANCE OF CONDITIONAL GIFTS TO FURTHER THE WAR PROGRAM

SEC. 1101. To further the war program of the United States, the Secretary of the Treasury is authorized to accept or reject on behalf of the United States any gift of money or other property, real or personal, or services, made on condition that it be used for a particular war purpose.

SEC. 1102. The Secretary of the Treasury may convert into money, at the best terms available, any such gift of property other than money.

SEC. 1103. There shall be established on the books of the Treasury a special deposit account to be designated as the "War Contributions Fund", into which shall be deposited all money received as a result of such gifts.

SEC. 1104. The Secretary of the Treasury, in order to effectuate the purposes for which gifts accepted under this title are made, shall from time to time allocate the money in such special deposit account to such of the various appropriations available for the purchase of war material and the furtherance of the war program of the United States as in his judgment will best effectuate the intent of the donors, and such money is hereby appropriated and shall be available for expenditure for the purposes of the appropriations to which allocated.

SEC. 1105. The Secretary of the Treasury shall include in his Annual Report to the Congress a summary of the gifts made and accepted under this title.

SEC. 1106. Whoever shall solicit any gift of money or other property, and represent that such gift is being solicited for the use of the United States, with the intention of embezzling, stealing, or purloining such gift, or converting the same to any other use or purpose, or whoever, having come into possession of any money or property which has been donated by the owner thereof for the use of the United States, shall embezzle, steal, or purloin such money or property, or convert the same to any other use or purpose, shall be guilty of a felony and upon conviction thereof shall be fined not more than \$5,000 or imprisoned for not more than five years, or both.

SEC. 1107. On and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of personnel of the armed forces of the United States stationed abroad.

TITLE XII—COINAGE OF 5-CENT PIECES

SEC. 1201. Notwithstanding any other provision of law, the Director of the Mint shall cause the metallic content of all 5-cent pieces coined after the effective date of this title and prior to December 31, [1946] 1945, to be one-half silver and one-half copper: *Provided*, That the Director of the Mint, with the approval of the Secretary of the Treasury and the Chairman of the War Production Board, is authorized to vary the proportions of silver and copper and to add other metals if such action would be in the public interest. Such 5-cent pieces shall be deemed to be minor coins or coinage and not silver coins, subsidiary silver coins, silver coinage, or subsidiary silver coinage within the meaning of the monetary laws of the United States.

SEC. 1202. For the coinage of such 5-cent pieces the Secretary of the Treasury is hereby authorized to allocate to the Director of the Mint, at such times and in such amounts as the Secretary deems necessary, any silver bullion in the monetary

stocks of the United States not then held for redemption of any outstanding silver certificates. Silver so allocated shall be accounted for by entries in the fund established for the purchase of metal for minor coinage: *Provided*, That the value of any silver bullion accounted for in said fund shall not be considered for the purpose of determining the statutory limit of said fund: *Provided further*, That the gain from the minor coinage provided for by this title shall be accounted for by entries in the minor coinage profit fund.

SEC. 1203. No silver-copper ingots shall be used for the minor coinage provided for by this title which differ from the legal standard by more than ten-thousandths. In adjusting the weight of such minor coins there shall be no greater deviation allowed than four grains for each piece.

SEC. 1204. For the purpose of section 3529 of the Revised Statutes (U. S. C., title 31, sec. 341), the 5-cent pieces provided for by this title shall be deemed to be copper.

SEC. 1205. Upon redemption any 5-cent pieces coined in accordance with the provisions of this title shall after December 31, [1946] 1945, be allocated to the Director of the Mint for melting and for subsidiary silver coinage. Any 5-cent pieces coined in accordance with the provisions of this title but not issued by the Mint may after December 31, [1946] 1945, be allocated, in such amounts and at such times as the Secretary of the Treasury in his discretion may determine, to the Director of the Mint for melting and for subsidiary silver coinage. All 5-cent pieces allocated to the Director of the Mint in accordance with this section shall be accounted for by entries in the fund established for the purchase of silver bullion for subsidiary silver coinage. Upon coinage into subsidiary silver coins of the metal contained in the 5-cent pieces so allocated, the gain shall be accounted for by entries in the silver-profit fund.

SEC. 1206. This title shall become effective sixty days after approval.

TITLE XIII—INSPECTION AND AUDIT OF WAR CONTRACTORS

SEC. 1301. The provisions of section 10 (l) of an Act approved July 2, 1926 (44 Stat. 787; 10 U. S. C. 310 (l)) (giving the Government the right to inspect the plant and audit the books of certain contractors), shall apply to the plant, books, and records of any contractor with whom a defense contract has been placed at any time after the declaration of emergency on September 8, 1939, and before the termination of the present war: *Provided*, That, for the purpose of this title, the term "defense contract" shall mean any contract, subcontract, or order placed in furtherance of the defense or war effort: *And provided further*, That the inspection and audit authorized herein, and the determination whether a given contract is a "defense contract" as defined above, shall be made by a governmental agency or officer designated by the President, or by the Chairman of the War Production Board.

SEC. 1302. For the purpose of obtaining any information or making any inspection or audit pursuant to section 1301, any agency acting hereunder, or the Chairman of the War Production Board, as the case may be, may administer oaths and affirmations and may require by subpoena or otherwise the attendance and testimony of witnesses and the production of any books or records or any other documentary or physical evidence which may be deemed relevant to the inquiry. Such attendance and testimony of witnesses and the production of such books, records, or other documentary or physical evidence may be required at any designated place from any State, Territory, or other place subject to the jurisdiction of the United States: *Provided*, That the production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person resides or transacts business, if, prior to the return date specified in the subpoena issued with respect thereto, such person furnishes such agency or the Chairman of the War Production Board, as the case may be, with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with such agency or the Chairman of the War Production Board, as the case may be, as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. No person shall be excused from attending and testifying or from producing any books, records, or other documentary evidence or certified copies thereof or physical evidence in obedience to any such subpoena, or in any action or proceeding which may be instituted under this section, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be subject to prosecution and punishment or to any penalty or

forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that any such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying. Such agency or the Chairman of the War Production Board shall not publish or disclose any information obtained under this title which such agency or the Chairman of the War Production Board deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless such agency or the Chairman of the War Production Board determines that the withholding thereof is contrary to the interest of the national defense and security; and anyone violating this provision shall be guilty of a felony and upon conviction thereof shall be fined not exceeding \$1,000, or be imprisoned not exceeding two years, or both.

SEC. 1303. In case of contempt by, or refusal to obey a subpoena issued to, any person, any agency acting hereunder, or the Chairman of the War Production Board, as the case may be, may invoke the aid of any court of the United States within the jurisdiction of which any investigation or proceeding under this title is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, records, or other documentary or physical evidence. And such court may issue an order requiring such person to give testimony or produce any books, records, or other documentary or physical evidence touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found. Any person who shall, without just cause, fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, records, or other documentary or physical evidence, if in his power to do so, in obedience to the subpoena of any agency acting hereunder, or the Chairman of the War Production Board, as the case may be, shall be guilty of a misdemeanor, and, upon conviction, shall be subject to a fine of not more than \$5,000, or to imprisonment for a term of not more than one year, or both.

SEC. 1304. For purposes of this title the term "person" shall include any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not.

TITLE XIV—UTILIZATION OF VITAL WAR INFORMATION

SEC. 1401. The Secretary of Commerce shall, at the direction of the President, and subject to such regulations as the President may issue, make such special investigations and reports of census or statistical matters as may be needed in connection with the conduct of the war, and, in carrying out the purpose of this section, dispense with or curtail any regular census or statistical work of the Department of Commerce, or of any bureau or division thereof. Any person who shall refuse or willfully neglect to answer any questions in connection with any special investigations made under this section, or who shall willfully give answers that are false, shall upon conviction thereof be fined not exceeding \$500 or imprisoned for a period of not exceeding sixty days, or both.

SEC. 1402. That notwithstanding any other provision of law, any record, schedule, report, or return, or any information or data contained therein, now or hereafter in the possession of the Department of Commerce, or any bureau or division thereof, may be made available by the Secretary of Commerce to any branch or agency of the Government, the head of which shall have made written request therefor for use in connection with the conduct of the war. The President shall issue regulations with respect to the making available of any such record, schedule, report, return, information or data, and with respect to the use thereof after the same has been made available. No person shall disclose or make use of any individual record, schedule, report, or return, or any information or data contained therein contrary to the terms of such regulations; and any person knowingly and willfully violating this provision shall be guilty of a felony and upon conviction thereof shall be fined not exceeding \$1,000, or be imprisoned not exceeding two years, or both.

SEC. 1403. For purposes of this title the term "person" shall include any individual, partnership, association, business trust, corporation, or any organized group of persons, whether incorporated or not.

TITLE XV—TIME LIMIT AND SHORT TITLE

SEC. 1501. Titles I to **[VII]** V, inclusive, and titles **[IX]** VII, XI, and XIV of this Act, and the amendments to existing law made by any such title, shall remain in force only until **[December 31, 1945]** *June 30, 1946*, or until such earlier time as the Congress by concurrent resolution, or the President, may designate, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted; but no court proceedings brought under any such title shall not abate by reason of the termination hereunder of such title.

SEC. 1502. This Act may be cited as the Second War Powers Act, 1942.



House Calendar No. 254

79TH CONGRESS
1ST SESSION

H. RES. 426

[Report No. 1315]

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 28, 1945

MR. SABATH, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the State
4 of the Union for the consideration of the bill (H. R. 4780)
5 to amend the Second War Powers Act, 1942, as amended.
6 That after general debate, which shall be confined to the
7 bill and shall continue not to exceed two hours to be equally
8 divided and controlled by the chairman and the ranking
9 minority member of the Committee on the Judiciary, the
10 bill shall be read for amendment under the five-minute rule.
11 At the conclusion of the reading of the bill for amendment,
12 the Committee shall rise and report the same back to the
13 House with such amendments as shall have been adopted

- 1 and the previous question shall be considered as ordered
2 on the bill and amendments thereto to final passage without
3 intervening motion except one motion to recommit.

House Calendar No. 254

79TH CONGRESS
1ST SESSION

H. RES. 426

[Report No. 1315]

RESOLUTION

Providing for the consideration of H. R. 4780,
a bill to amend the Second War Powers Act,
1942, as amended.

By Mr. SABATH

NOVEMBER 28, 1945

Referred to the House Calendar and ordered to be
printed

CONSIDERATION OF H. R. 4780

NOVEMBER 28, 1945.—Referred to the House Calendar and ordered to be printed

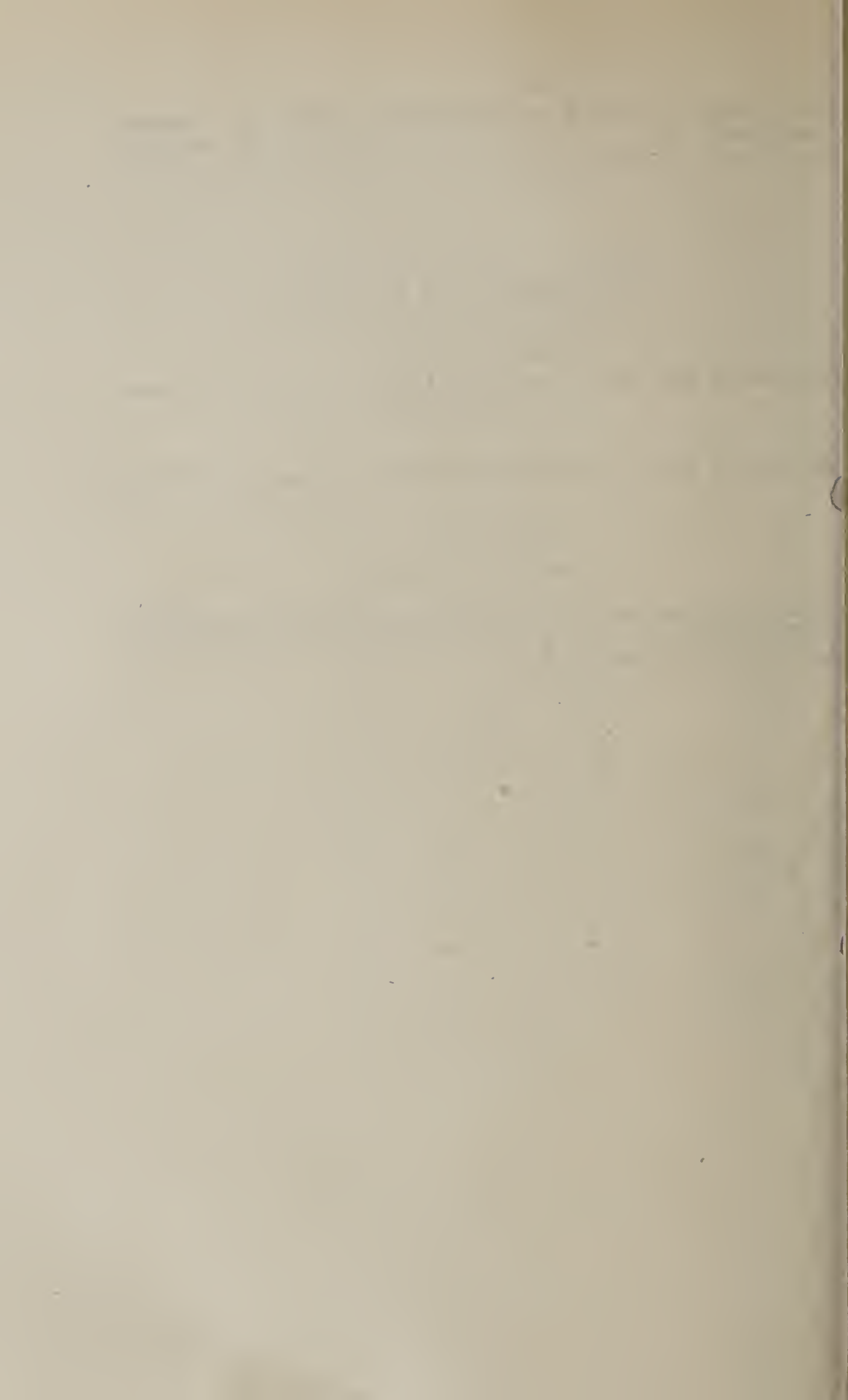
Mr. SABATH, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res 426]

The Committee on Rules, having had under consideration House Resolution 426, reports the same to the House with the recommendation that the resolution do pass.





DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued December 4, 1934, for actions of Monday, December 3, 1945)

(For staff of the Department only)

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HIGHLIGHTS: Both Houses agreed to conference report on appropriation-rescission bill; ready for President. Senate rejected motion to consider UNRAA appropriation bill. President's labor-management message received. Rep. Flannagan introduced revised agricultural-credit agency bill. Rep. Rees commended free-enterprise system.

HOUSE

1. APPROPRIATION RESCISSION. Both Houses agreed to the conference report on this bill, H.R. 4407 (pp. 11490-2, 11505-13). The House receded on the items (not of interest) in disagreement (p. 11513). This bill will now be sent to the President. (For provisions of interest see Digests 181, 183, 201, 205, and 212.)
Reps. Roage, Tex., Patrick, Ala., Wickersham, Okla., Johnson, Ill., and Johnson, Calif., spoke opposing early liquidation of the guayule-rubber program (pp. 11510-1). Rep. Jenkins, Ohio, Marcantonio, N.Y., Dirksen, Ill., and Eberharter, Pa., discussed the item relating to the return of employment services to the States (pp. 11508-11).
2. EXPORT-IMPORT BANK; PHILIPPINES. Passed without amendment H.R. 4633, to authorize the Export-Import Bank to extend its operations so as to include the Philippine Islands (pp. 11517-22). Rep. Spence, Ky., inserted a statement of loans and commitments of the bank (pp. 11517-22).
3. WAR POWERS. Passed without amendment H.R. 4730, to **terminate certain powers** authorized by the Second War Powers Act (pp. 11522-36).
Passed as reported H.R. 4571, to amend the First War Powers Act with respect to alien property held by the Alien Property Custodian (pp. 11537-47).
4. FOOD PRODUCTION; MARKETING; FREE ENTERPRISE. Rep. Rees, Kans., spoke favoring retention of the free-enterprise system in American agriculture and opposing a communistic system, stating, "Communism is wholly reactionary--a step backwards" (p. 11547).

SENATE

5. UNRRA APPROPRIATION BILL. Rejected Sen. Morse's (Oreg.) motion to consider this bill, H. J. Res. 266 (pp. 11486-90).
6. FIRST DEFICIENCY APPROPRIATION BILL, 1946. Sen. Mitchell, Wash., submitted his proposed amendments to this bill, H. R. 4805, to increase the "special fund" for the Bureau of Reclamation by \$2,400,000 (pp. 11468-9).
7. PRESIDENT'S MESSAGE; LABOR. Both Houses received the President's message on labor-management relations (pp. 11471-2, 11513-5).
8. PERSONNEL; DETAILS. Received the Nov. 1945 report relating to persons employed by committees who are not full-time employees of the Senate or any committee thereof (including 1 Department employee with the Education Committee and 2 with the Public Lands and Surveys Committee) (pp. 11466-7).
9. GEORGE WASHINGTON CARVER DAY. The Judiciary Committee reported with amendment H. J. Res. 111, designating Jan. 5 as George Washington Carver Day (S. Rept. 806) (p. 11466).
10. ELECTRIFICATION. Received the Federal Power Commission's report, "The Finance Record of the Electric Utility Industry" (p. 11464).
11. IRRIGATION. Sen. Butler, Nebr., inserted a Grand Island (Nebr.) Rotary Club resolution favoring the Mid-State Public Power and Irrigation District project (p. 11465).
12. FOREIGN AFFAIRS. Continued debate on S. 1580, the UNO bill (pp. 11464, 11479-86, 11492-503).
13. FOREIGN LOANS. Sen. Moore, Mo., inserted his letter to Assistant Secretary of State Clayton making suggestions for conditions of the proposed loan to Britain (p. 11478).

BILLS INTRODUCED

14. AGRICULTURAL CREDIT AGENCY. H. R. 4873, by Rep. Flannagan, Va., to create an agricultural credit agency, to consolidate therein all Federal agricultural lending agencies, and to create a public farm-appraisal system. To Agricultural Committee. (p. 11548.)
15. ASSISTANT SECRETARIES OF COMMERCE. H. R. 4871, by Rep. Lea, Calif., to provide for the appointment of three additional Assistant Secretaries of Commerce. To Interstate and Foreign Commerce Committee. (p. 11548.)

ITEMS IN APPENDIX

16. PRICE CONTROL. Sen. Wagner, N.Y., inserted James Patton's (Farmers' Union) letter endorsing OPA's cost-absorption policy and Price Administrator Chester Bowles' letter and questionnaire explaining and supporting this policy (pp. A5609-11).
17. GOVERNMENT REORGANIZATION. Speech in the House by Rep. Church, Ill., discussing the "imperative need for a thorough reorganization," the reorganization bill H.R. 4129, and other methods of reorganization (p. A5612-3).

Export-Import Bank of Washington—Statement of loans and commitments, Oct. 31, 1945—Continued

Country and borrower	Loan No.	Commodity	Authorized		Cancellations and expira- tions	Balance not yet disbursed		Amount dis- bursed	Amount repaid	Amount out- standing
			Date	Amount		Amount	Expiry date			
EUROPE—continued										
Germany: Past operations				\$3,011,309.75	3,006,750.75			\$4,559.00	\$4,559.00	
Hungary: Past operations				2,375,000.00	2,375,000.00					
Iceland: Past operations				1,000,000.00	410,000.00			590,000.00	590,000.00	
Italy: Past operations				16,917,385.58	3,541,120.90			13,376,264.68	13,376,264.68	
Latvia: Past operations				1,903,000.00	1,892,217.97			10,782.03	10,782.03	
Netherlands:										
Kingdom of the Neth- erlands.	380	United States agri- cultural and manufacturing products.	Sept. 11, 1945	50,000,000.00		\$43,700,000.00	June 30, 1946	6,300,000.00		\$6,300,000.00
Do	381	United States products and services.	do	50,000,000.00		50,000,000.00				
Total				100,000,000.00		93,700,000.00		6,300,000.00		6,300,000.00
Norway:										
Store Norske Spitsber- gen Kulkompani, A/S Norway.	354	Mining equip- ment and ma- chinery.	Oct. 25, 1944	750,000.00		750,000.00	Dec. 31, 1946			
Kingdom of Norway	369	United States agri- cultural and industrial prod- ucts.	July 13, 1945	50,000,000.00		50,000,000.00				
Total				50,750,000.00		50,750,000.00				
Past operations				10,000,000.00	9,773,388.00			226,612.00	226,612.00	
Total				60,750,000.00	9,773,388.00	50,750,000.00		226,612.00	226,612.00	
Poland:										
National Economic Bank.	212	Cotton and cop- per.	Nov. 3, 1938	6,000,000.00	2,655,508.67			3,344,491.33	47,043.11	3,297,448.22
Polish cotton mills	141	Cotton	Oct. 21, 1936	166,742.52				166,742.52	163,250.56	3,491.96
Total				6,166,742.52	2,655,508.67			3,511,233.85	210,293.67	3,300,940.18
Past operations				6,740,000.00	6,703,822.27			36,177.73	36,177.73	
Total				12,906,742.52	9,359,330.94			3,547,411.58	246,471.40	3,300,940.18
Portugal: Past operations				5,500,000.00	4,229,134.35			1,270,865.65	1,270,865.65	
Rumania: Past operations				50,000.00	50,000.00					
Spain: Past operations				15,072,871.78	1,391,797.89			13,681,073.89	13,681,073.89	
Sweden: Past operations				15,000,000.00	10,889,000.00			4,111,000.00	4,111,000.00	
Turkey:										
Turkish State Airways (Westinghouse Elec- tric International Corp.).	378	Airport equip- ment.	Sept. 11, 1945	3,060,000.00		3,060,000.00	Dec. 31, 1946			
Past operations				10,267,860.00	10,267,860.00					
Total				13,327,860.00	10,267,860.00	3,060,000.00				
Yugoslavia: Past opera- tions.				517,667.00	517,667.00					
Europe: Special cotton credit.	387	Cotton	Oct. 8, 1945	100,000,000.00		100,000,000.00				
VARIOUS COUNTRIES										
TACA-Airways Agency, Inc.	361	Aircraft, engines and accessories.	Mar. 21, 1945	1,000,000.00		911,440.00	Dec. 31, 1946	88,560.00	1,000.00	87,560.00
Pan American Airways, Inc., et al.	365	United States ma- terials, equip- ment, and serv- ices.	May 16, 1945	25,000,000.00		25,000,000.00				
International Standard Electric Corp.	377	Communication equipment.	Sept. 11, 1945	5,000,000.00		5,000,000.00				
Total				31,000,000.00		30,911,440.00		88,560.00	1,000.00	87,560.00
Past operations				46,478,400.00	27,102,518.11			19,375,881.89	19,375,881.89	
Total				77,478,400.00	27,102,518.11	30,911,440.00		19,464,441.89	19,376,881.89	87,560.00
Special exporter-importer Credits:	187		Mar. 1, 1938							
Anglo-American Trad- ing Corp.		Poultry, game, and lard.		176,836.17		20,000.00	Dec. 31, 1945	156,836.17	156,836.17	
The Atlas International Co.		Merchandise		62,655.27		7,267.09	do	55,388.18	52,655.27	2,732.91
L. A. Cordovéz C.		Flour and manu- facturing prod- ucts.		97,574.13		12,500.00	do	85,074.13	85,074.13	
Defiance Spark Plug Corp.		Merchandise		66,113.96		10,000.00	do	56,113.96	56,113.96	
Enequist Chemical Co.		Chemicals		292,001.23		15,787.28	do	276,213.95	272,001.23	4,212.72
Home Plan Corp.		Merchandise		23,840.05				23,840.05	22,622.01	1,218.04
H. R. Jacoby		do		10,000.00		10,000.00	Dec. 31, 1945			
Walter Malowan, Inc.		Manufactured products.		320,360.58		17,130.81	do	303,229.77	300,360.58	2,869.19
Sigfried Olsen Shipping Co.		Merchandise		217,079.31		4,071.56	do	213,007.75	197,079.31	15,928.44
Packard Chemical Co.		Packaged foods		156,218.89		10,000.00	do	146,218.89	146,218.89	
S. C. Prado		Merchandise		97,491.00		10,000.00	do	87,491.00	87,491.00	
S. Ronnie, Inc.		Paper supplies		103,278.06		11,615.18	do	91,662.90	88,278.06	3,884.84
Universal Products Co., Inc.		Rubber, rayon silk garments.		371,660.00		11,718.00	do	359,942.00	351,660.00	8,282.00

* The firms listed have been granted credit lines ranging from \$2,000 revolving, covering miscellaneous shipments to and from various countries. Funds are provided and details handled by commercial banks. Advances under these credits are repayable in 90 days or less. Total available for such lines—\$1,000,000, revolving.

Export-Import Bank of Washington—Statement of loans and commitments, Oct. 31, 1945—Continued

Country and borrower	Loan No.	Commodity	Authorized		Cancellations and expira- tions	Balance not yet disbursed		Amount dis- bursed	Amount repaid	Amount out- standing
			Date	Amount		Amount	Expiry date			
VARIOUS COUNTRIES—CON.										
Special exporter-importer Credits—Con.										
Wise & Constable, Inc.		Merchandise		\$246,751.16		\$15,963.93	Dec. 31, 1945	\$230,787.23	\$226,751.16	\$4,036.07
Unallotted				802,500.00		802,500.00				
Total				3,044,359.81		958,553.83		2,085,805.98	2,043,141.77	42,664.21
Past operations				93,001.62				93,001.62	93,001.62	
Total				3,137,361.43		958,553.83		2,178,807.60	2,136,143.39	42,664.21
Grand total				1,658,301,763.50	\$438,413,572.76	\$684,752,345.91		535,135,844.83	295,717,308.62	239,418,536.21

GENERAL SUMMARY OF ACTIVITIES (INCLUDING SECOND EXPORT-IMPORT BANK OF WASHINGTON, D. C.)^a FROM FEB. 12, 1934 THROUGH OCT. 31, 1945

Total commitments	\$1,658,301,763.50	Total outstanding loans	\$239,418,536.21
Total cancellations and expirations	438,413,572.76	Balance of commitments not yet disbursed	684,752,345.91
Total disbursements	535,135,844.83	Total of outstanding loans and balance of commitments not yet disbursed	924,170,882.12
Total repayments	295,717,308.62		

^a Second Export-Import Bank of Washington, D. C., was incorporated Mar. 12, 1934, and dissolved June 30, 1936, all of its active commitments being assumed by Export-Import Bank of Washington.

Mr. PLOESER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That section 2 (a) of the Export-Import Bank Act of 1945 (Public Law 173, 79th Cong., approved July 31, 1945) is hereby amended by inserting immediately after the word "country" the following: "(or the Philippine Islands)."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE POSTAL SERVICE

The Clerk called the bill (H. R. 4652) to provide credit for past service to substitute employees of the postal service when appointed to regular positions; to extend annual- and sick-leave benefits to war service indefinite substitute employees; to fix the rate of compensation for temporary substitute rural carriers serving in the place of regular carriers in the armed forces; and for other purposes.

Mr. COLE of New York. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

LOCAL FIRST-CLASS MAIL

The Clerk called the bill (H. R. 2647) to restore the 2-cent-per-ounce rate of postage on first-class mail for local delivery.

Mr. KEAN. Mr. Speaker, this bill represents a change of policy. In accordance with the agreement made here, I ask that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. BARDEN. Mr. Speaker, that concludes the call of the Consent Calendar.

AMENDING THE SECOND WAR POWERS ACT OF 1942

Mr. SABATH. Mr. Speaker, I call up House Resolution 426 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same back to the House with such amendments as shall have been adopted and the previous question shall be considered as ordered on the bill and amendments there-to to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, this rule makes in order H. R. 4780, to amend the Second War Powers Act 1942, as amended. It is an open rule and it provides for 2 hours of general debate.

The bill was reported unanimously by the Committee on the Judiciary. The rule was granted by unanimous vote of the Committee on Rules.

All this bill aims to do is to eliminate certain powers from the present existing law and also the act of 1917. In view of the fact that the chairman and the gentlemen representing the Committee on the Judiciary, and I feel that we should finish this bill today, there being 2 hours' general debate, I will not take much time on the rule, as I feel it should receive the unanimous support of the House.

Furthermore, the bill will be thoroughly explained by the chairman of the Committee on the Judiciary, the gentleman from Texas [Mr. SUMNERS], as well as the gentleman from Alabama [Mr. HOBBS], who prepared the report. I presume each and every Member has had a copy of the report. At least it is available. The report explains the need for this legislation to restrict and to reduce the time with respect to the power heretofore granted during the war.

Mr. PITTENGER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. PITTENGER. Do you extend the life of the Office of Price Administration in this Second War Powers Act?

Mr. SABATH. No. There is nothing about the Office of Price Administration in this bill.

Mr. PITTENGER. How about this draft act that is still going on? Do we extend that?

Mr. SABATH. No. In fact, if anything, this bill reduces the time in connection with most matters.

Mr. PITTENGER. Can the gentleman tell us when there will be something that declares the war at an end, so that the duration of the war will be at an end and so that we can get back to a peacetime basis?

Mr. SABATH. I presume that will be done as soon as the President can see his way clear to do so or feels that it is the proper time to do so, or when the Congress acts. Under the law, we also have the right to state when the war is over. In view of conditions, I do not think we are ready to vote on that important matter, because, although the fighting is over, there are still a great many things to be done before we can take the position about which the gentleman has inquired.

Mr. PITTENGER. This is the Second War Powers Act?

Mr. SABATH. Yes.

Mr. PITTENGER. How long does it extend it?

Mr. SABATH. It really does not extend it. It reduces it. For instance, it repeals the power and authority that was originally given in the 1917 act. Then, title XI of the Second War Powers Act is amended, and it provides that on and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of the personnel of the armed forces of the United States stationed abroad. All of the other powers have been taken away.

The same thing applies to title XII. Whereas it would have been in force up to December 1946, it will go out of existence December 31, 1945. So we reduce the time in this bill and amend it so as to take away certain powers that were originally granted.

As I said, the chairman of the Committee on the Judiciary and the gentleman representing that committee who

prepared the report will more thoroughly explain the bill than I possibly can, because I was not present at the hearing and the only information I have obtained was from the short statement made by the gentlemen who appeared asking for the rule and what I could gather hurriedly from the report of the committee.

With this I conclude my remarks, Mr. Speaker.

(Mr. SABATH asked and was given permission to revise and extend his remarks.)

Mr. SABATH. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan, my colleague [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, this is an important bill. It does require explanation. The Committee on the Judiciary is prepared to make that explanation. A very splendid report giving the law as it now is and the changes proposed by this bill is embodied in the committee report. I know of no serious opposition to this bill.

Mr. PITTINGER. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. PITTINGER. I notice this report carries a reference to OPA. I asked the gentleman from Illinois about that. He was under the impression that the OPA was not involved. I am against the OPA. They cannot do a good job on anything, and I want to know if they are included in this bill of limitation and repeal.

Mr. MICHENER. No; the OPA law is not directly amended. OPA gets its rationing and priority powers from the Second War Powers Act through Executive order. It gets its price-fixing powers directly from the OPA law.

This bill does not amend the OPA law.

Mr. PLOESER. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. PLOESER. Is it not true that the very limited extension in here makes the Second War Powers Act expire concurrently with the price-control law?

Mr. MICHENER. I believe that is true, and I believe that is a wise coincidence. I might say that the Judiciary Committee went through the whole Second War Powers Act very carefully, section by section, and paragraph by paragraph. It heard the War Department, the Navy Department, and all the departments and agencies affected by the Second War Powers Act and the bill is brought to the House with a unanimous report from the Committee on the Judiciary recommending this legislation. When that committee reports a bill unanimously that is rather unusual, and there can hardly be any controversy about the merits. This amendment provides for all revocation of war powers granted in the act consistent with reconversion necessities.

Mr. Speaker, I have no further requests for time on this side.

(Mr. MICHENER asked and was given permission to revise and extend his remarks.)

Mr. SABATH. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. SPENCE asked and was given permission to extend his remarks on the Export-Import Bank and include certain statistics.

Mr. ANGELL asked and was given permission to extend his remarks in the RECORD and include certain excerpts.

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4780, with Mr. TARVER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this bill has for its purpose the extension of some of the powers contained in the Second War Powers Act.

Most of the agencies of the Government, if not all of them, suggested an extension of 1 year, but the Committee on the Judiciary, after going into the matter thoroughly, as the gentleman from Michigan [Mr. MICHENER] just stated, arrived at the conclusion that an extension of 6 months would probably be adequate. If at the expiration of 6 months, or when it begins to come close to the end of that time, it is found necessary that a further extension be granted, the Committee on the Judiciary would be disposed to extend it, of course.

This matter was very carefully gone into by a subcommittee of the Committee on the Judiciary, of which the gentleman from Alabama [Mr. HOBBS] was chairman. Probably it would be more helpful if I should at this time yield to the gentleman from Alabama [Mr. HOBBS] 10 minutes to explain the details of the bill.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. I notice in the hearings there is a title "Termination of Hostilities" and "Extension of the War Powers Act of 1942." As I understand it, this bill has nothing to do with termination of hostilities?

Mr. SUMNERS of Texas. That is correct.

Mr. MILLER of Nebraska. The gentleman has before his committee several resolutions that would terminate hostilities?

Mr. SUMNERS of Texas. That is right.

Mr. MILLER of Nebraska. Can the gentleman tell us when those bills might be placed before the House?

Mr. SUMNERS of Texas. I cannot advise the gentleman at this time.

Mr. BENNETT of Missouri. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Missouri.

Mr. BENNETT of Missouri. If this measure were not adopted what would the status of hostilities be? Would they be terminated?

Mr. SUMNERS of Texas. They would not.

Mr. MILLER of Nebraska. If the Congress should pass a bill terminating hostilities, that would automatically release the men under draft 6 months after the date that we would determine to be the end of hostilities; is that correct?

Mr. SUMNERS of Texas. I believe that is about right. They would be released, but that would not bring them back here. At least one of these extensions has in purpose to aid in the return of our troops and in their transportation.

Mr. MILLER of Nebraska. It seems to me quite important that Congress take some action soon to declare hostilities at an end. After the last world war it took nearly 3 years before we got around to that.

Mr. SUMNERS of Texas. I believe it would confuse in the consideration of this bill if we went further into the question as to when hostilities should end.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Part of what the gentleman is talking about comes under the draft law. This does not deal with that.

Mr. SUMNERS of Texas. I just indicated that I thought the territory being covered is a little wide; that we should hold our discussion to this bill, and if the gentleman will excuse me, I would rather not yield further for discussion beyond the consideration of this bill.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Nebraska.

Mr. STEFAN. As I understand this bill it merely extends the War Powers Act for another 6 months.

Mr. SUMNERS of Texas. Not all of them.

Mr. STEFAN. It extends the act until June 30, with some exceptions.

Mr. SUMNERS of Texas. Yes; parts of it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself one additional minute.

Mr. STEFAN. Mr. Chairman, will the gentleman yield further?

Mr. SUMNERS of Texas. I yield to the gentleman from Nebraska.

Mr. STEFAN. This bill extends the War Powers Act another 6 months with the exception of some items that the committee has taken out and which were included in the original act.

Mr. SUMNERS of Texas. That is right.

I now yield 10 minutes to the gentleman from Alabama [Mr. HOBBS].

Mr. HOBBS. Mr. Chairman, I do not desire to consume the 10 minutes. I will be glad to yield to anyone who has a question to ask.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I will be delighted to yield.

Mr. MILLER of Nebraska. I know the gentleman has held some very extensive hearings on this bill, and that various governmental agencies were before his committee.

Mr. HOBBS. Yes, sir.

Mr. MILLER of Nebraska. I presume most of the agencies appearing before his committee were anxious to continue every War Powers Act that they had.

Mr. HOBBS. No, sir; just the contrary. The five major agencies which have had powers in abundance under these war powers acts, as you will see by reading the report of our committee on the Second War Powers Act, have done just the reverse. I would say that 90 percent of controls exercised under the war powers conferred by the Second War Powers Act have been abandoned, and the personnel that had been working on them has likewise been released. For instance, take the ODT. Every one of their powers has been fully surrendered and every employee has been released. That kind of record is one that we take pleasure in calling attention to in our report. We have referred specifically to the record of all five of the major agencies. I think what the gentleman has in mind is the large number of war powers acts that would be terminated by a declaration of the end of hostilities. We are working on that as hard as we know how. I have in my brief case here for the first time what we believe to be the complete list of all the war powers acts that Congress has passed. There are something over 400. Our committee is engaged in briefing those war powers acts to see what the effect would be upon each of them were we to declare hostilities terminated. I think it is a fair statement, and I want to put it as bluntly and with as brutal frankness as I may—I think it is a fair statement that the policy of the administration, the policy of those who are exercising these war powers, and the policy of the House is unanimous that every single one of them that can possibly with safety be canceled should be canceled at the earliest possible moment. Of course, hostilities should be terminated as speedily as possible.

Mr. MILLER of Nebraska. I am very happy to hear that statement and to know that the agencies are eager to get out of the business of regulating the American people. It seems to me that one thing that touches most vitally the American people is the ending of hostilities so that the boys who have been drafted into the service during the war-time may be discharged, because they were taken for the period of hostilities and 6 months thereafter. If Congress or the President fails to declare hostilities at an end, they can be kept in service under a subterfuge because Congress or the administration has failed to declare hostilities at an end. Some of the boys are getting very bitter indeed about that particular phase of the draft. They say, "Yes, we went into the war; we wanted to defend our country, but it was with the understanding that it was for the duration plus 6 months." If Congress now fails to declare hostilities at an end, these

boys may be kept in the service 2 or 3 years longer than they perhaps should be. I hope the gentleman's committee will soon give particular attention to that one phase, if no other phase, of the War Powers Act.

Mr. HOBBS. We are doing exactly that. There is not a single member of our whole committee or the subcommittee that is not just as eager about it as the distinguished gentleman himself, who introduced one of the resolutions we have before our committee. I say again, however, that as patriotic American citizens, with the conflagration we fondly hoped was put out, flaring up again in a half dozen different places, we cannot afford to run the risk of doing anything that would leave us undefended and helpless in the face of an enemy.

Mr. ROBSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I gladly yield to the gentleman from Kentucky.

Mr. ROBSON of Kentucky. On the very point about which our friend is concerned, and we are all concerned about it; that is, bringing our boys home. If the entire Second Emergency Powers Act were repealed it would delay bringing these boys home.

Mr. HOBBS. That is certainly true, Sir.

Mr. ROBSON of Kentucky. There are certain laws that apply in peacetime that limit the number of persons that may be carried on a ship and impose certain requirements as to the equipment of the ships, and if these laws are applied several hundred fewer men could be carried on each ship. That is one of the things about which we are concerned.

Mr. HOBBS. The gentleman is exactly correct, and I thank him for his contribution. Two of the powers we are extending for 6 months will expedite greatly the speed with which the boys are returned home and increase the number who can be returned.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am so happy to yield to the gentleman from Indiana, a distinguished member of our subcommittee and of the full committee.

Mr. SPRINGER. May I say that the resolutions which are pending before our subcommittee and which have been mentioned by the distinguished gentleman from Nebraska [Mr. MILLER], are still being considered by us. However, it is a very ponderous subject. As to the matter of the inspection, to which reference has just been made, the requirements as to the rigid inspections and as to the number of passengers to be carried on these ships would have been violated had we not had the provisions in the second War Powers Act, and those requirements are still lifted so that we can get the boys back home and do it at the earliest possible moment. Is that not correct?

Mr. HOBBS. That certainly is correct. I thank the gentleman, and appreciate not only his contribution to this debate, but also the splendid contribution he has made to the hearings on the pending bill and that which he constantly makes in the work of our committee.

This is a unanimous report, not only of the subcommittee which held hearings for 6 weeks, usually having two sessions a day, but also it is a unanimous report of the full committee. We have repealed one of the titles of the Second War Powers Act entirely. We have cut down four others, and we have recommended for the consideration of appropriate legislative committees the matters that were in two or three others. We have cut down the length of extension so as to synchronize with the ending of the fiscal year 1946, on June 30. So it is believed that the unanimous report will commend itself to you. We invite your attention to the report. We believe it answers every conceivable question that can be raised. If not, we will be happy to try to elucidate further.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. HOBBS. I am delighted to yield to the gentleman.

Mr. MILLER of Nebraska. I want to make this point clear. I feel certain portions of the Second War Powers Act are needed to get the boys home. But there is certainly nothing that this Congress can do to raise the morale of our soldiers as much as declaring hostilities at an end so that they will feel that the termination of their services to the United States might see some daylight so that they could get home eventually. Many of them are in this country, I will say to the gentleman.

Mr. HOBBS. That is certainly true. But neither they nor we wish such a declaration made prematurely, nor unless it be wise in view of its legal consequences.

Mr. Chairman, I wish to pay tribute to the splendid work the members of our subcommittee did on this bill, as well as on the resolutions declaring hostilities terminated. The subcommittee was happy to have several members of the full Committee on the Judiciary join in their sessions and participate most helpfully in the study of the problems involved. Also we were delighted to have submitted to us by the gentleman from Pennsylvania, Hon. FRANCIS WALTER, a distinguished member of our full committee, and also of the Colmer committee, the report of the latter committee. This was of great value to us in our studies.

AMENDING THE SECOND WAR POWERS ACT, 1942, AS AMENDED

Mr. HOBBS, from the Committee on the Judiciary, submitted the following report:

The Committee on the Judiciary, to whom was referred the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended, after consideration, report favorably thereon with the recommendation that the bill do pass.

The bill would amend the Second War Powers Act, as amended, in five respects.

1. It amends title II to eliminate the power to seize real property.
2. It repeals title IX dealing with free postage for members of the armed forces.
3. It adds a new section to title XI, which reads as follows:

"On and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of personnel of the armed forces of the United States stationed abroad."

4. It amends title XII by substituting the date "December 31, 1945" for the date "December 31, 1946" as the date upon which the Treasury is to return to the minting of 5-cent pieces of the prewar metallic content.

5. It extends for 6 months titles I through V, VII, XI, and XIV of the act.

GENERAL STATEMENT

By the grace and guidance of Almighty God, the brilliance and devotion of our civilian and martial leadership and the heroism of the men and women who composed the team of the United Nations, the Axis Powers have been brought to unconditional surrender, yet neither the war nor the peace has been won. Our victory then is neither final nor complete. We still have before us and our allies years of service in foreign lands, requiring the solution of problems at least as difficult as were those of war.

The conflagration that so recently blanketed the globe, still flares in spots. We have learned that no place is too remote to be a menace. Nor can it be doubted that fire spreads. Military and naval might, even including atomic bombs, do not quench the fire of war so potently as the milk of human kindness. No civilized nation, much less one that is Christian, can allow even surrendered enemies to starve or freeze when we have enough and to spare. That would not even be good business, were we so base as to be governed by no higher motive. Even more incumbent on us is it to share with our allies in the liberated countries; and, of course, we must not fail to provide adequately for our own forces of occupation. This job cannot be done until the last man or woman so engaged shall have been brought safely home and be happily rehabilitated into our peacetime economy.

During our preparation for adequate national defense, and while the shooting part of the war was on, the Congress of necessity had to grant extraordinary powers for such purposes and for the fulfillment of the inevitable aftermath. These were loosely called war powers.

Now that we have won back much of our safety and peace, it is the determination of Congress to recapture those powers as speedily as may be wise, for the people, so that they may be again exercised in accordance with the slower but more desirable processes of democracy.

The study of the situation by your committee has revealed that the Presidents and the agencies of Government that have been exercising these war powers agree with the thought of the Congress as shown by their records. The following synopsis not only shows such agreement, but also discloses no reason to doubt that they will continue to diminish their personnel and surrender their powers as rapidly as possible with safety. A survey of the five chief agencies exercising controls under title III of the Second War Powers Act indicates that they have reduced their outstanding controls and administrative personnel as follows:

REDUCTION IN CONTROLS EXERCISED UNDER TITLE III OF THE SECOND WAR POWERS ACT, AND OF PERSONNEL ENGAGED IN ADMINISTRATION OF THESE CONTROLS

War Production Board-Civilian Production Administration: At its peak prior to VE-day, this agency had outstanding slightly over 700 basic orders and schedules. Approximately 200 of these were lifted shortly after VE-day, and as of November 1 the number had been reduced to 73.

Personnel has been reduced from a peak of about 23,000 in February 1943 to less than 11,000 at the end of August, less than 4,000 on November 3, and it is planned to reach a figure of 400 by June 30, 1946.

Office of Defense Transportation: On VJ-day this agency had outstanding slightly over 2,950 orders under title III of the Second War Powers Act. By December 1, 1945, all of these orders will have been revoked, and this

agency will no longer exercise controls under this act. The reduction in personnel engaged on title III administration has been as follows: June 1, 1944 (peak), 3,897; VJ-day, 2,333; November 1, 1945, 54; December 1, 1945 (estimated), 0.

Department of Agriculture: On August 1, 1945, this agency had outstanding 94 general food orders, and on April 1, 1945, 194 suborders. These two dates are chosen because they are the dates on which the greatest number of general and suborders, respectively, were in existence. As of November 14, 1945, there were outstanding 56 basic orders and 173 suborders. Of these 173, however, 144 were suspended. That is to say, they are temporarily inoperative and the Department of Agriculture believes that probably they will not be made operative again.

Personnel engaged in administering these orders has been reduced from 1,000 at the end of the fiscal year to 550 as of November 14, 1945.

Solid Fuels Administration: This agency had outstanding 13 general orders prior to VJ-day. Of these 13 only 6 remain today and of these 6, 1 has been confined to operations east of the Mississippi River. It is believed that all controls will be lifted at the end of the coal year, March 31.

Personnel engaged in title III activities has been reduced from 700 employees prior to VJ-day to 650 at the present time, and will continue to decrease to 50 at the end of the coal year. These 50 will be engaged in clean-up work.

Office of Price Administration: On VJ-day this agency had 16 major rationing programs in effect on a national basis. This number has been reduced to two.

Paid employees (as opposed to volunteers) actually engaged in administering the rationing programs have decreased from 27,055 on August 15, 1945, to 8,952 on October 31, 1945. This figure includes field offices and local boards. Actually the reduction has been greater since these figures do not include reductions in overhead employees indirectly concerned with rationing. Proportionately heavy reductions have been made in this category, as well.

The committee has concluded that extension of certain titles of the Second War Powers Act for a period of 6 months is essential in order to assure an orderly liquidation of much of our wartime economy and to aid reconversion. The necessity results basically from the fact that our armed forces and industry are still deployed for war and from the continuance of a number of basic shortages which threaten to cripple industry and to cause inconvenience or even suffering to consumers. A brief recapitulation of the various titles of the Second War Powers Act follows and of the action which the committee believes should be taken with respect to each.

Title I—Emergency powers of the Interstate Commerce Commission over motor and water carriers

Under this title, the War Shipping Administration operates certain coastwise lines which should be maintained until the return of vessels to their former owners can be accomplished so as to restore normal peacetime traffic. In addition, the Army and Navy are authorized under this title to operate certain bus lines serving camps and emergency facilities where otherwise no such transportation would be available. Pending further demobilization of the armed services and return of vessels to their owners, the authority of this title appears necessary.

Title II—Acquisition and disposition of property

This title permits the seizure by the Government of real property prior to condemnation proceedings and to some extent facilitates disposal. Because of the drastic nature of the seizure powers, the committee recommends that these provisions of the

title be permitted to lapse. A continuation of the disposal features is necessary because of the extensive temporary real-estate holdings of the Army and Navy.

Title III—Priorities powers

This title establishes the powers under which the War Production Board-Civilian Production Administration, Office of Price Administration, Department of Agriculture, Office of Defense Transportation, Solid Fuels Administration, and certain other agencies have allocated and rationed materials and facilities. The powers were used up to the capitulation of Japan for a twofold purpose—to assure simultaneously the production of a maximum quantity of war materials in a minimum of time, and of materials necessary to support the basic civilian economy. Since that date there has been a change of emphasis in the exercise of these powers by the departments in the belief that Congress intended the defense program to include an orderly reconversion to a peacetime economy. During the next few months there will necessarily be a further change of emphasis in the exercise of these powers, with an increasing use for reconversion purposes as distinguished from the primary military purposes. While both priorities and allocations will be granted where necessary to assure support of our Army and Navy, the primary task will be the liquidation of our war effort and the hastening of reconversion and restoring the flow of materials to peacetime channels.

The exercise of these powers after the end of this year will be necessary in order to accomplish the following broad program:

(1) Allocation and conservation of scarce materials: During the next few months there will be extremely severe shortages of certain essential industrial materials. Tin is an excellent example. Until the supply becomes considerably greater, which will not be for some time in the future, it will be absolutely necessary for the Civilian Production Administration to prevent the use of tin in any application where there is a reasonably satisfactory substitute and to divide the available supply equitably among the competing claimants. Unless the Civilian Production Administration can require conservation of tin, our stocks will be dissipated within a very few months, largely because of wasteful uses. Unless the supply can be allocated among essential users, it is possible that a few companies will obtain much more than their fair share, thereby depriving other companies of this necessary material. Our resources of certain other materials, such as lead, rubber, and antimony, must similarly be husbanded carefully and distributed fairly if we are to avoid crippling reconversion.

(2) Breaking of bottlenecks: In numerous instances plants reconverting from wartime to peacetime production are hindered by inability to obtain one or more essential tools and other components. By careful use of the priorities powers the CPA has been able to break many such bottlenecks, making possible the operation of plants which would otherwise be closed. The power is also used for breaking bottlenecks which threaten industries as a whole by increasing the production of some minor but indispensable components. For instance, production of certain construction materials, lack of which seriously threatens the building program, has been greatly increased through a comparatively minor use of the priorities powers. Unless these powers can be exercised during the coming months, the Nation will be faced with plants unable to operate for the lack of minor items of equipment, and with industries operating at a fraction of their capacity for lack of component materials.

(3) Inventory controls: A large number of basic materials are presently in sufficient supply to permit removal of all restrictions on their use and distribution, but the balance between supply and demand remains pre-

carious. There is a very serious threat that speculative buying and inventory hoarding will disturb this balance, as actually happened following World War I. In order to prevent any such occurrence the CPA prohibits accumulation of inventories of these materials beyond current industrial needs. Continuation of this type of restriction is essential if we are to avoid danger of crippling artificial shortages.

(4) **Rationing:** There will be continuing shortages of sugar, probably until the domestic sugar-beet harvest in the fall of 1946. On November 24, 1945, meats, fats, and oils were lifted from rationing. Although fats and oils and some cuts of meat are expected to remain in short supply for a time, this most recent release of rationing is an indication of the policy of the administration.

(5) **Low-end programs:** When the supply of certain basic materials is short there is a tendency to use these materials only for the fabrication of comparatively high-priced articles, since these high-priced articles generally provide a larger margin of profit. This situation is particularly acute in the textile industry, where garment manufacturers have tended to concentrate on production of high-cost garments. This results not only in decreasing the total quantity of clothing available (since by and large the more expensive garments consume greater quantities of textiles), but in increasing very seriously the cost of living by forcing consumers to purchase the more expensive items. The CPA and the OPA working together have initiated programs under which priorities are granted to producers of low-cost clothing, with a result that a fair share of the available textiles are channeled into this field. Termination of this power would seriously intensify the present severe shortage of such items as low-cost shirts and underwear.

(6) **Foreign programs:** The United States has entered into a number of commitments to supply foreign nations with materials which they desperately need. Export of certain of these materials is essential if labor in foreign areas, such as Malaya, is to be induced to produce materials, such as tin, which we ourselves require. Other exports are necessary to prevent widespread disaster and loss of life in liberated areas. Unless we can allocate certain materials, notably foods and textiles, for export we will be unable to meet these commitments.

The committee has considered the possibility of rewriting this title so as to restrict its exercise to specific materials and has concluded that this is impractical. In the first place, it is impossible to state definitely exactly which materials will be in short supply during the next half year to require some form of action. It was believed this summer, for instance, that all controls over coal distribution could be dispensed with before the end of the year, but the coal strike necessitated a revision of this point of view and it appears probable that controls will be required until next spring.

Title IV—Purchase by Federal Reserve banks of Government obligations

This title permits sale of Government obligations to the Federal Reserve System up to \$5,000,000,000. This affords the Treasury an opportunity for short-term financing at emergency periods and should be continued during the immediate future when considerable financial fluctuations are threatened, pending consideration by the Congress whether some permanent legislation along these lines is warranted. The committee respectfully recommends that the appropriate legislative committees should give study to permanent legislation of this character.

Title V—Waiver of navigation and inspection laws

Under this title certain of the manning and equipment restrictions placed on the operation of American vessels are waived.

This is absolutely essential if transportation is to be made available to bring back our troops from overseas. As an example, over 200 Liberty ships are now carrying from 784 to 1,943 persons per trip, but without the authority of title V the maximum of 68 persons, including the crew of 56, could be transported. Should this title lapse, return of overseas personnel would be most seriously delayed.

Title VI—Power to requisition

This title has already been extended to June 30, 1946 (Public Law 102, 79th Cong., approved June 30, 1945), and no further extension is contemplated at this time.

Title VII—Political activity

This title exempts from the provisions of the Hatch Act part-time employees who serve without compensation or with only nominal compensation. It affects primarily members of local price and rationing boards and selective service boards. The OPA and the Selective Service System make every effort to assure themselves that members of these boards do not presume upon this exemption, but so long as personnel of these boards continue to donate their services to the United States it appears appropriate to continue it in force.

Title VIII—Protection of war industries and protection of resources subject to hazards of forest fires

This title has already lapsed and should not be renewed.

Title IX—Free postage for soldiers, sailors, and marines

This title should be repealed since the free postage privilege has now been extended to members of the armed services by section 10 of Public Law No. 190 of the Seventy-ninth Congress, approved October 6, 1945.

Title X—Naturalization of persons serving in the armed forces of the United States during the present war

No termination date of this title appears in the act and accordingly no action is required.

Title XI—Acceptance of conditional gifts to further the war program

This title could be permitted to lapse at this time were it not that under its authority the French Government contributes francs which are paid out to American military personnel in France to help them to meet the unfavorable rate of exchange. In order to permit continuation of this program an amendment is suggested which would confine the operation of this title to gifts made for the benefit of members of the armed services.

Title XII—Coinage of 5-cent pieces

Under this title the Treasury is permitted to coin 5-cent pieces made one-half of copper and one-half of silver until December 31, 1946. Since nickel is now available it seems desirable to return to the peacetime basis at the end of this year. An amendment to this effect is suggested in the bill. No expiration date is expressed in the act or the title and its repeal would be unwise since the redemption provisions must be exercised after December 31, 1945.

Title XIII—Inspection and audit of war contractors

No expiration date is expressed in the act and no action is necessary.

Title XIV—Utilization of vital war information

This title makes possible the collection and dissemination of various statistical data within the Government. On the basis of this information the conversion from peace to war was accomplished and the availability of this information appears equally necessary for planning reconversion from war to peace. The title should, therefore, be extended to aid in the administration of the powers con-

ferred by title III. The committee respectfully recommends that the appropriate legislative committees should give study to permanent legislation of this character.

Title XV—Time limit and short title

The proposed amendments to the title merely extend certain of the previous titles for 6 months, in accordance with comments made above in regard to these specific titles.

Mr. HANCOCK. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, there seems to be some confusion as to what this bill does. It does not refer to or fix any date for the termination of the war. It has nothing to do whatever with the Price Control Act. It is confined simply to an extension or a modification or repeal of the 15 titles that are contained in the Second War Powers Act which was passed March 1942. We were a little bit too optimistic at that time and by its terms the Second War Powers Act expired on December 31, 1944. We hoped that the war would be over by that time but it was necessary to extend it to December 31, 1945. The question before us now is, how many of those 15 titles shall be allowed to lapse, repealed, or continued, and for how long. As the gentleman from Alabama and the gentleman from Texas have both explained, the first extension was from 1944 to 1945. The question now is how far beyond December 31, 1945, we shall extend certain powers. There were some differences of opinion in the committee as to the time of the extension and one or two other minor disagreements. It is quite unusual, but nevertheless it is a fact that we come before you with a united committee. There is no disagreement among us whatever. Very full hearings were held.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. ROBSION of Kentucky. There were quite a number of members of our committee who wanted to extend it to December 31, 1946.

Mr. HANCOCK. But we have reached an agreement, as I just said. We are here now with a united front.

Mr. ROBSION of Kentucky. And others wanted to limit it to 6 months, to June 30, 1946.

Mr. HANCOCK. That is what we agreed upon.

Mr. ROBSION of Kentucky. I think that was quite a victory under all the circumstances.

Mr. HANCOCK. Well, at least we come here all friends and we are all rowing in the same direction. To give you some idea of the completeness of these hearings, representatives appeared before us from the Department of Justice, the Director of War Mobilization, the Federal Reserve Board of Governors, the Navy Department, the War Department, the War Production Board, the Solid Fuels Administrator, the Office of Price Administration, the Department of Agriculture, the War Shipping Administrator, the Secretary of State, and the Secretary of the Treasury.

If anyone really wishes to get into the details of the different titles that are involved in this bill, I would respectfully suggest that he look at these hearings. I heard the testimony and have read the

hearings. I should be glad to try to answer questions.

I do not believe any more complete hearings have been taken before our committee in recent years. The report itself explains every title. It is clear and concise. If you will take the time to read that, I am sure you will understand all that is involved. As the gentleman from Kentucky [Mr. ROBSION], just pointed out, there was quite a difference of opinion among us as to whether certain titles should be extended until December 31, 1946, or June 30, 1946.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. ROBSION of Kentucky. That is only on those powers that we did extend. Many of them have been eliminated.

Mr. HANCOCK. Naturally, if we did not extend them, there is no extension date. That goes without saying. I am confining my remarks to title III. The most unpopular, the most controversial, and the most important part of the whole act.

It so happens that the OPA has a termination date of June 30, 1946. That is provided in the bill—under which price control was first established and its extension. That legislation originated in the Banking and Currency Committee. Price control is very closely related to rationing and priority orders and allocation orders. The two subjects can scarcely be separated. We felt it would be wise for Congress to consider the continuance of price control and rationing beyond June 30, 1946 at the same time and to determine at that time whether such controls are still necessary. We hope not.

The accomplishments of the various rationing agencies in curtailing their activities have been amazing. I think everyone on the committee was astounded to learn the progress they have already made during recent months in releasing their controls, and in reducing their personnel. It indicates to me that most, if not all, of the men charged with the thankless task of administering the war control agencies are sincerely trying to restore normal economic conditions in America as speedily and as painlessly as possible.

Let me give you a few figures.

The CHAIRMAN. The time of the gentleman from New York [Mr. HANCOCK] has expired.

Mr. HANCOCK. Mr. Chairman, I yield myself five additional minutes.

On VE-day the War Production Board, now called Civilian Production Administration, had outstanding over 700 basic orders. Two hundred were lifted shortly after VE-day, and as of November 1, the number has been reduced to 73, a reduction from 700 in a few short months.

The peak of the personnel in this agency was 23,000 in February 1943. The number was reduced to less than 4,000 on November 3 of this year, and it is planned to reach a figure of 400 by June 30, 1946. That is a reduction in employees from 23,000 to 400. That is a major operation.

The Office of Defense Transportation at its peak had 2,950 orders outstanding. By December 1, all of those orders had

been rescinded, and the bureau personnel reduced from 3,897 to nothing.

Mr. HARNESS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. HARNESS of Indiana. Were those employees taken off the Federal Government pay roll or were they simply transferred to other agencies?

Mr. HANCOCK. We inquired about that and we were assured by the Director of War Mobilization that practically all of them had returned to private industry.

I am giving you these facts to illustrate how rapidly this gigantic bureaucratic Government of ours is being demobilized, and to what an amazing degree. It gives some idea of what can be accomplished in the next 6 months.

The Solid Fuels Administration had 13 outstanding general orders on VJ-day. Only six remain today. At the peak they had 700 employees, and at the end of the coal year, which Mr. Potter tells us will be April 1, 1946, they will have but 50 employees left, and they will be engaged in clean-up work.

From that record it is shown that a long period of extension is not necessary. A far better job of demobilization is being done than could possibly have been anticipated. For that reason, and other reasons, we all agreed finally, after some discussion, that June 30, 1946, was the right date to terminate the emergency powers granted under the Second War Powers Act.

We all dislike restraints, restrictions and controls of all kinds; that is human nature, certainly the nature of Americans; but if we do not continue these rationing powers, these powers of allocation, these powers of priority, we are pretty likely to find ourselves in the disastrous times of 1919 and 1920 when there was so much speculative buying and inventory hoarding. You remember at that time—some of you who are as old as I am—that there was much speculative buying and inventory hoarding of critical materials. Prices went skyrocketing. An artificial as well as a genuine shortage resulted. The bubble burst and there was widespread collapse and bankruptcy. We have learned something from that experience; we have learned that in the matter of scarce and critical materials reasonable control must be exercised until there is a normal supply to meet the demand, or an approximation thereof. It would be inviting disaster if we suddenly canceled the war control powers which are contained in title III of the bill.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mr. SABATH. I congratulate the gentleman upon the intelligent statement he is making. In that connection, I remember the 1919-20 period and what happened to the country then because we had no price control. But I am reminded this morning that since they took the price limit off of oranges, grapefruit, and lemons, the price rose from \$2 to \$3 a crate. This just shows what may happen with other food or fruit if we should discontinue price control. I think it would be unfortunate.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. HANCOCK. Mr. Chairman, I yield myself two additional minutes.

That is particularly true, I may say to the gentleman from Illinois, where the supply is below the demand and where there are no restraints and controls. Sometimes they are removed prematurely. It can lead to a dangerous condition. We learned something from the First World War and we are trying to apply that knowledge now as effectively and as intelligently as we can with the least disturbance to our economic system and the least delay in reconversion.

Mr. Chairman, I have taken more time than I intended to but this is a very important bill and should receive the consideration and the support of every Member of this House.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK. I yield.

Mrs. BOLTON. This would insure the possibility of keeping building material for home construction rather than for the construction of cinema theaters.

Mr. HANCOCK. That is correct; in other words, the rationing authorities, for example, would allocate lumber for flooring in a house rather than for the construction of bowling alleys, and would also allocate tin for necessary alloys and for the making of tin cans rather than for the making of toys and cheap jewelry. These are two typical examples indicating the necessity for priority orders and allocations.

If there are still shortages in farm or manufactured products whose distribution needs to be controlled 6 months from now we can continue the authority given the President and his designees by title III as to those specific articles. We think—perhaps I should say we hope—that the number of such articles will be very few.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. HANCOCK. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. ROBSION].

Mr. ROBSION of Kentucky. Mr. Chairman, the Second War Powers Act of 1942, as amended, embraced 15 different important titles. In these 15 titles the President was granted extraordinary powers. This act gave to the President most unusual powers over the manpower and the entire resources and the activities of the American people. It is doubtful whether the head of any nation had greater powers during this war than the President of the United States. He had control of 140,000,000 Americans and almost unlimited billions of resources.

These were granted to the President solely and only for the purpose of expediting the winning of the war. While the war is not yet legally over, and it can only end through a proclamation of the President or by a resolution adopted by both Houses of Congress, yet Germany, Japan, and their satellite governments have been overwhelmingly defeated. The President could at any time he de-

sires declare the war at an end and the administration, with its majority in both Houses of Congress, could pass a resolution declaring the war at an end. But they have not chosen to take either course.

This bill repeals many of those war powers, amends some of them, and extends others to June 30, 1946.

This bill does not go as far as I should like for it to go; but I am very happy to join in the efforts to relieve the American people as much as we can of the burdens and inconveniences of these war powers.

The OPA comes under the Price Control Act. That legislation is handled by the Banking and Currency Committee. It is not included in this bill, although the OPA has removed price ceilings from a great many of the products and only a few remain, such as sugar. The OPA Act itself comes to an end on June 30, 1946, and it can only be continued after that date by an act of Congress.

Under the present temper of Congress it is not likely that it will be continued unless a very important national emergency should arise between now and the date of its expiration.

The second war-powers bill before us deals largely with priorities and allocations and, as pointed out above, much of the power relating to priorities and allocations is repealed by this bill or greatly modified. In fairness I might say that there is still a necessity for some control for allocations and priorities in tin, rubber, and some other very important commodities, especially at this period of converting from war production to peacetime production and the scarcity of certain commodities.

Under this bill the War Production Board-Civilian Production Administration will go out of business. The Office of Defense Administration is continued in a modified form. It will greatly aid and expedite the return home of our servicemen; but the manifold agencies under the second war-powers bill are being either eliminated or greatly reduced and they are on their way out and practically all of them will be out by June 30, 1946.

Our navigation and inspection laws will continue, as it is absolutely essential that transportation be made available to bring back our troops from overseas.

This measure repeals the right of the War Department and other defense agencies to take over lands and any interest therein and other property for the Government almost without notice to the owners. This is one of the many powers most irksome to the people and about which we have had many complaints. I think it is generally the purpose of our Judiciary Committee and of the Congress to wipe out all of these war powers at the earliest date possible so that our country may get back to normal living and normal conditions.

Thousands of the directives and regulations under these war powers have been canceled and set aside, and with the passage of this bill many others will be eliminated and we hope before June 30, 1946, that all of them, with very rare exceptions, will have no validity or authority.

As these measures give the American people very substantial relief from these extraordinary emergency powers and will restore a great deal of freedom and liberty to the people, I trust that this bill may receive the unanimous support of the House.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Chairman, the principal effect upon our economy that the enactment of this bill will have is the power to allocate materials. Now that there are shortages in many materials it is essential that those items that are scarce be so channeled into the proper hands as to cause as little suffering as possible.

The Postwar Economic Policy and Planning Committee gave considerable thought to this question and as a result of the studies made by that committee a very important report has been made. This report was not acted on by the committee; however, it comes as the result of studies made by the committee and by its staff, and I shall include it as a part of my remarks:

EXTENSION OF SECOND WAR POWERS ACT

(By Edwin B. George, staff consultant, House Special Committee on Postwar Economic Policy and Planning)

The economic consequences of the war will run on a considerable distance beyond the termination of hostilities and means must be found to cope with them. Among the means at present available is the Second War Powers Act. Most of the titles of this act, however, expire on December 31, 1945. Two questions are raised by its approaching expiration: (1) Are the problems left by the war of a kind justifying continued Government control over industrial operations as now permitted by this act, and (2) are its terms sufficiently well adapted to post-hostility purposes to justify a limited extension?

The Second War Powers Act has 14 titles, under the authority of which many Government agencies have since March 1942 performed wartime duties. A list of these titles, together with a summary of their contents and the recommendations of the Director of OWMR concerning them, is appended hereto. The most important provisions are those of title III, authorizing the preferred distribution, rationing and allocation of materials. It is with title III that the present analysis is concerned.

Despite sometimes lively disagreement in both Government and business circles over the wisdom of rapid decontrol, the Civilian Production Administration now has outstanding less than 75 orders and schedules of the 650 regulations issued by the War Production Board. The elaborate controlled materials plan has gone, as have AA ratings. Remaining orders are being constantly scrutinized by the Administration with the apparently clear intention of dispensing with them successively as opportunity permits. An opportunity for this purpose is regarded as occurring whenever near-term supply prospects are in the general neighborhood of probable demand or wherever the product is not so important to standards of living and industrial operations that a shortage would be injurious.

The Executive order of October 4 which established the Civilian Production Administration set forth six general purposes:

1. Expand the production of materials which are in short supply.
2. Limit the manufacture of products for which materials or facilities are insufficient.

3. Control the accumulation of inventories so as to avoid speculative hoarding and unbalanced distribution which would curtail total production.

4. Grant priority assistance to break bottlenecks which would impede the reconversion process.

5. Facilitate the fulfillment of relief and other essential export programs.

6. Allocate scarce materials and facilities necessary for the production of low-priced items essential to the continued success of the stabilization program of the Federal Government.

Beyond these purposes, it may be added, the CPA accepts responsibility for insuring the availability of supplies needed by our occupation forces overseas and by servicemen pending demobilization.

The House Judiciary Committee has already heard testimony by Mr. John W. Snyder, Director of War Mobilization and Reconversion, and by Mr. John D. Small, Administrator of the Civilian Production Administration, concerning the problems with which they expect to deal. The facts touching these problems are not regarded as being in dispute in any important respect. The issue is whether they can be most suitably dealt with under authority of the Second War Powers Act. The basic considerations are outlined below:

I. ARE GOVERNMENTAL CONTROLS STILL JUSTIFIED?—SOME SHORTAGES PERSIST

A half dozen or so materials are in obviously short supply and may remain so for a considerable time. In any list are tin, rubber, lead, hard cordage fibers, and burlap. Cotton broadwoven goods will give difficulty for several months. Castings and even some forms of steel have been borderline in the past and under the push of a sudden and violent demand might swing back into the trouble area. In recent weeks motor backlogs have risen rather than declined. Lumber may not be easy for some time. Other materials, such as hides and coal, while in nearly adequate domestic supply, cannot remain completely unaffected by the acute deficits obtaining internationally. Molasses, antimony, quinine, quinidine, and rosin are short for causes that cannot be easily overcome. There are still quite a number of industrial commodities for which orders may not for sometime be accepted with pleased assurances of prompt delivery. None of this is to gainsay, of course, that supplies of many materials and components are or soon will be in a position to meet any likely demands made upon them.

Briefly, in some areas the American supply outlook is mixed and unstable, while a few international shortages ranging from critical to desperate constitute at least an arguable claim to assistance from our stocks. The bulk of materials and components are already in satisfactory position to withstand any pressures but that of a strong inflationary boom, but a number are still in precarious balance, while a few must still be handled with the greatest care.

The administration lists its duties with respect to these short commodities, as follows:

1. Expansion of materials in short supply

Administrators are agreed that for most of the problems in their respective jurisdictions the cure is production. As during the war and similarly in the public interest now, the CPA and companion agencies can often employ available resources more effectively by controlling their use. Thus power shovels and dredges have been diverted into tin mining, and the delivery of heavy dredges is being speeded up. Without equipment as well as manpower the shortages in building materials, such as bricks, cast-iron soil pipes, clay sewer pipe, and structural clay tile, will linger, and without these materials the vital construction program will be delayed. Trucks and tiles multiply the output of lum-

ber in laggard areas. The quick availability of coal-mining machinery, tractors, and shovels means more steel, manufactured gas, and home fuel. The completion of new plants for new drugs will still hold down the war toll, and the scratching of surrender pens did not somehow lessen the value of soldiers' lives.

The war has not yet released its hold on us. These shortages are the fault of the war and competition cannot yet be discriminating enough to single out the bad spots for special attention.

2. Selective use of scarce materials

There mere existence of shortages does not confer license on the Government to plan in any general way what use should be made of available supplies. Sometime, however, the effect of shortages on the public interest is so direct as to take on some of the attributes of a public emergency as in the case of public health and natural disasters. Tin, for example, has become very important to the maintenance of the national food supply. Neither the public nor industry would expect the Government to carry freedom to the point of allowing this critical material to go into artificial jewelry rather than food preservation. Throughout the war the WPB has greatly reduced tin consumption by limiting the thickness of coatings and encouraging the development of economic methods of coating, such as electroplating and bonderizing. By means of these economies the country came through the war with a surprisingly small amount of trouble. The end of hostilities, however, did not replenish our tin stocks, and even with careful husbanding the present stock pile of about 30,000 tons (not including concentrates) will hardly last beyond 1946. Similarly, some of the industrial uses for lead are much more closely affected by the public interest than others. Serious dependence on foreign supplies of lead is a new experience for this country, but the shortage that developed during the war raised difficult problems for manufacturers of storage batteries, ethyl gasoline, paint, cable covering, chemicals, collapsible tubes, bearings,terne plate, free-turning brass, etc. Supply and demand forecasts are not yet too firm, but it is at least possible that in the face of an unrestricted demand the shortage would exceed 150,000 tons. Stocks are now at the unusually low figure of well under 100,000 tons and must be used sparingly. Our crude rubber deficit is well known and its dangers understood. Actual and potential production of synthetic rubber is now at a high level but for some types of goods, such as surgical equipment and heavy truck and bus tires, crude rubber or a moderate admixture of it is indispensable. To throw crude rubber on the open market could have disastrous consequences. Burlap likewise is in far-from-ample supply, and in conjunction with cotton bagging must be channeled into the food-producing industries in preference to some of the industrial products ordinarily using this material but for which satisfactory substitutes are available. These are examples, but most of the shortages previously cited can raise comparable problems.

3. Inventory control

The country is not likely to forget the near orgy of inventory speculation that followed the last war. The danger of repetition can be overstressed, for it is not likely that industry will have forgotten it either. Nevertheless, it is natural and proper for industry and purchasing agents to think in terms of margins of safety, and in the case of some materials the shortages are so acute as to require even working stocks to be held below normal levels if the best use possible is to be made of available supplies. Industry has had to work on this basis during the war and in many respects the situation has not changed. The number of materials subject to manufacturing inventory limitations has already

been scaled down, and can be expected to decline further as a result of the semimonthly reviews to which the entire list is being currently subjected. Distributors' inventories are sensitive to the same needs and temptations as in the case of manufacturers and must therefore also be watched until free markets are again possible.

4. Bottleneck breaking

This is one of the few purposes for which priorities are still used. The question is, as usual, one of relative values. Where a particular industry is both crucial to quick recovery and is paralyzed by lack of a small amount of materials or a few pieces of equipment, a reasonable amount of assistance to it is obviously in the public interest. Producers of the short materials and equipment are already working at top speed to bring supplies back to adequate levels, and neither price nor competition can accelerate the process to any appreciable extent. In the meantime, greater total production and employment can be achieved through the channeling of a small amount of scarce materials to a few critical spots. Governmental interference of this type obviously does not harmonize with our normal and preferred methods of determining patterns of production and distribution, but it was not through the workings of free enterprise that the shortages occurred in the first place and it is not yet possible for free enterprise to supply quick remedies. The War Production Board and now the Civilian Production Administration has used this power sparingly, and there is hardly any restorative medicine in its cut-down cabinet that it prescribes for business with more reluctance. Its claims to this effect seem to be confirmed by the kinds of use it has made of its authority.

The assignment of a CC rating to a small quantity of wooden floor blocks permitted an automobile axle plant to keep its own strategic product moving to a number of assembly plants employing tens of thousands of men. At this stage of reconversion it is still not uncommon for strategic production or transportation facilities to have all the material, equipment, and manpower necessary to large-scale operation except in a few small respects. Obviously more public value can be gotten out of the use of a small amount of scarce material at those points than if it were floated into the general distribution stream. The administration states that in the use of this power veterans are given special consideration, and while there is no statistical evidence as to the scale on which preference to veterans is being given, it has been able to verify examples. The use of priority assistance to avoid break-down in public utilities and food processing plants is in keeping with public policies of long standing.

The concept is a dangerous one and even good examples of use can be merely disarming. The great weakness in the use of this kind of administrative authority is in the lack of clear boundaries of essentiality. Sympathy can take the place of judgment and judgment has to function without the benefit of all pertinent facts. There will always be more borderline than urgent cases and those coming to the Administrator's attention may actually be duplicated a score of times in the complex industry without his knowledge. As supplies improve, judgment becomes progressively difficult even though applications decline.

The safeguard is that the Administration seems to be as concerned over the propriety of these measures as is the country. In the abstract the case for a moderate use of priority powers in the aid of carefully selected civilian activities under conditions very closely resembling those of wartime because they were born of the war seems to be sound. In practice it can also be sound as long as the war connection remains the principal criterion.

5. Assistance to the production of low-priced goods

This problem has haunted the administration throughout the war and is still far from solved. It is particularly acute in the textile fields but has been troublesome in furniture and potential at many points. The war has exerted a powerful pressure toward upgrading because high margins of profits are usually earned on the higher-priced lines. The problem has been aggravated by price control because of the reluctance or inability, depending on the circumstances, of OPA to set prices capable of inducing large-scale production of low-end goods. The use made of the authority conferred by the Second War Powers Act in this connection is to channel fabrics and other pertinent materials to the manufacturers of these products. Where basic materials are short, production patterns of end products are not likely to correspond of their own accord with the patterns of public need. The shortages in basic materials were caused both by heavy diversion to military programs and by labor shortages. The military drain has now fallen to a trickle, but in the case of textiles, at least, the production of fabrics continues to lag. Both the problem and the chosen remedies for it, however, have been and remain highly controversial.

Irrespective of solutions adopted in that area, the general situation is still so unsettled as to preclude an abrupt decision by the Civilian Production Administration to withdraw its assistance. Hope has been held out for some time that the natural recuperative forces released by the war's ending would provide their own cure, but it has not yet happened and it is not yet safe to expect immediate recovery.

Particularly because of the low-end problem, if the Congress decides to extend either the Second War Powers Act or a more guarded substitute, it is highly important that it should do so at the earliest possible moment. Business has to plan a considerable distance ahead, and for administrative actions to be of practical benefit they must likewise be taken far in advance of the actual appearance of goods on the market. There will be a heavy demand from veterans for men's cheap suits. Infants' wear and cotton garments generally are still badly needed. The manufacturers of such goods must be assured now of an adequate supply of materials. The implementation of such programs can scarcely be accomplished in less than 45 days. Applications must be assembled from producers, papers processed, and orders placed. Uncertainty over continued CPA participation in this effort could conceivably be worse than a wrong step in either direction. Producers could be misled into marking time during precious days when they might at least be preparing to produce something.

6. Regulation of Exports and Imports

Many agreements will probably be made and revised before stable economic relations between America and the rest of the world are restored. In the meantime artificialities carrying over from the war present international problems that are not self-resolving. The scarcity of materials badly needed by all countries is conspicuous among them. Up to now most of the influential countries have been proceeding on the assumption that none of them would be helped by an immediate return to completely free markets. America's long-range policy in matters of this kind is still to be decided, but abrupt termination of all existing arrangements may not be the most desirable way of deciding it. American participation therein is now to a considerable extent, although not exclusively, implemented by the Second War Powers Act. Up to now those powers have been used both to protect American markets and to assist certain foreign purchasers in the American market.

Demand for many kinds of American goods has been as avid abroad as at home. In some countries large reserves of dollar exchange have been built up, in others the need for materials and merchandise has been so great as to make the depletion of such reserves a secondary consideration. While as discussed below, Congress and the administration have been willing to render planned and limited assistance to other nations, they could not afford in the face of continued home stringencies to open up all of our markets to all comers. A few commodities, indeed, are still being rationed at home, although the number is now small and is declining. Even where rationing has been discontinued, however, other domestic controls have had to be retained. The Civilian Production Administration and the Office of International Trade Operations of the Commerce Department are therefore still permitting the export of some goods only under export licenses and on a showing of critical need.

On the other hand some export trade is actively implemented both in self-interest and in fulfillment of our obligations to mitigate chaos abroad.

Workers in the countries from which we traditionally obtain essential imports have long been discontented. Our cash payments to them in return for such services have been liberal but have added little to the real welfare of the people receiving them. The money has to a considerable extent accumulated unspent for lack of goods whereon to spend it. This lack has been particularly aggravating in standard trade goods areas, where payment for labor is to a considerable extent made in kind. All during the war the workers in many supply countries have been waiting patiently for textiles, household utensils, bicycles, and tools. These and not money are the ultimate currency for tin, crude rubber, Manila fiber, fats and oils, quinine and quinidine. In the present distorted markets, however, the exchange will not happen of itself. Some of these markets hold out poor long-term prospects for the particular goods desired, and American producers of them cannot be expected of their own accord to fill such orders at the expense of home customers. Additionally, exports of equipment sometimes have to be facilitated to maintain the necessary flow of supplies to our overseas troops.

As in the case of bottleneck-breaking in the industrial market the completion of these transactions does not always require the use of authority. The existence of the priority power is sometimes important as an emblem of public policy as well as in actual use, and producers and exporters will frequently honor simple requests that designated orders be filled.

The Department of State and the Civilian Production Administration, among other agencies, have testified on a number of occasions concerning the continued need for controls wherewith to implement our foreign relief commitments. The views of the Department of State may be of particular importance to the Congress at this time as those of a permanent part of the Government in contrast with the short life intended in any event for the Civilian Production Administration. That department has consistently advocated the termination, at as early a date as possible, of powers created expressly for war purposes. It feels, however, that with respect to the present state of international economic relations an indiscriminate and overhasty relaxation could have embarrassing consequences. It advises that certain commitments made under existing law are still to be discharged, and that the continuance in force of certain economic and trade controls is necessary for that purpose. Among them are the allocation mechanisms set up under title III of the Second War Powers Act. The Department has, therefore, recommended a 12-month extension for that title. In a letter to Representative SAM HOBBS, chairman

of Subcommittee 4 of the House Judiciary Committee, the Department listed a number of commodities which it expected to remain in short supply in liberated areas and which it regarded as essential to restoration of normal economic conditions. The commodities listed were fats and oils, meat, sugar, hides and leather, textiles, coal, lumber, phosphates, agricultural machinery, textile machinery, and transportation equipment. These commodities would be purchased in agreed upon quantities by UNRRA. By reason of their importance UNRRA might encounter grave difficulties in procuring them without priority assistance, allocations, or set-aside orders. Procurement by UNRRA might not be impossible in the absence of these controls, but the fear is that it could only be effected through payment of premium prices that would greatly reduce the real purchasing power of the funds available to that agency. For that same reason it might increase the volume of requests from foreign governments for dollar loans.

The use of priority powers on exports as a means of inducing imports has already been mentioned. It is noteworthy in the same connection that our part in formulating and implementing international allocations of short materials is also performed under authority of the Second War Powers Act. The arguments against abrupt abandonments of these agreements, while the damage done by the war to supply sources and supply lines is still unattended, are strong. It is worth noting at this point, however, that the State Department, which has taken a strong stand for the early removal of wartime restraints over international trade, seems to be convinced that these particular arrangements should be kept in force for the time being.

There are other laws under which international arrangements for equitable distribution of short materials might be implemented, but their application is not so direct. The National Defense Act, expiring June 30, 1946, also contained authority for export control, although in the main its provisions were carried over into the Second War Powers Act. Exports are also controlled under the Export License Control Act, expiring June 30, 1946. That act, however, was essentially protective in nature, being designed and used to prevent undiscriminating drains on limited American supplies. The First War Powers Act granted authority for import control in the form of an amendment to the old Trading with the Enemy Act.

The Second War Powers Act, however, contributes prominently and distinctively in two respects: (1) Without the priority and allocation power it would be impossible to make equitable distribution of our arbitrarily limited imports among importers and users, and (2) without the priority and allocation power export shipments could not be directed on a basis of analyzed needs or in fulfillment of commitments, or with reciprocal intent.

II. ARE THE PROVISIONS OF THE SECOND WAR POWERS ACT SUITABLE TO POST-HOSTILITY PURPOSES?

While questions can properly be raised as to the need for extension of wartime type controls, it is overshadowed by a further question as to the form in which any necessary future power should be conveyed. There is no doubt that the Second War Powers Statute as presently written was drafted primarily for the purpose of assuring speedy production of munitions of war while maintaining a basic civilian economy. The emphasis is military; the word "reconversion" appears nowhere; and the criteria are generally set forth in terms of "national defense." Then why should it be used for reconversion? Why not draft a new statute? In fact the Congress has quite a number of choices available to it. After deciding what it wants to do in the immediate postwar period, the Congress has the option of either renewing the present law in the belief that

the powers conveyed in it cover both war and transitional contingencies, or of modifying the present law to make sure that it does, or of passing two new laws at the expiration of the present one on December 31, 1945, or of incorporating any necessary residue of the present law in some other law for which a longer life is assured. It seems appropriate, however, to limit consideration to the choices of writing a definitive new law or of extending the statute as it now stands.

There appear to be two chief arguments in favor of drafting substitute legislation. These arguments, and the countervailing considerations, may be summed up as follows:

(a) The powers granted by the Second War Powers Act are broader than necessary to accomplish the programs contemplated by the CPA and the other Government agencies who will exercise such powers. It can be argued that the rapid reduction in the number of really scarce materials, and to some extent the narrowing of the objectives to be achieved, should make it possible to draft legislation which would be limited more closely to the field in which the powers might be exercised, and to set more definite criteria for their use. In support of this argument is the fact that the WPB and its successor, CPA, have been able to reduce the number of controls exercised from somewhere in the neighborhood of 700 to approximately 70. The OPA has similarly reduced its rationing programs to 2 out of an original 13, with possible further reductions in the near future. The very fact that so many controls have been given up would seem to indicate that permission to exercise the remaining controls could be covered in more restrictive language. Moreover, it is most undesirable, if unnecessary, to delegate powers as broad as those contained in the Second War Powers Act to the executive agencies because of the danger that these powers may be exercised for purposes other than the somewhat narrow field for which they are intended.

As against these arguments there would seem to be two possible answers. Both the OWMR and the CPA have attempted to write legislation which would be more restrictive and which would establish more definite criteria. The difficulty of drafting such legislation is two-fold. In the first place, the number of materials which are in scarce supply and must be controlled is rapidly diminishing but a substantial number remains; and it is impossible to estimate with any degree of accuracy what materials—especially when we consider components and semifabricated items—may be in short supply at some later date and may thus threaten to become bottlenecks in the whole reconversion program. Among the examples previously given, it could hardly have been predicted that clutches or 50-cycle electric motors would for a time become major impediments to the restoration of tin production. And if perchance a new law permitted corrective action only in the case of scarcities, doubt might be created as to whether capital equipment for urgent or preferred purposes could be scheduled. Requests range from raw materials, to capital equipment, to parts, to components, to products, and rise and fall in volume on any of them. Therefore, any attempt to limit controls to specified types of materials becomes almost impossible.

Secondly, the types of controls exercised by the CPA and other agencies must of necessity be so diverse as to defy careful definition. The type of control will depend on the type of material involved; the structure of the producing industry; the structure of the industry requiring the material from the manufacturer; the degree of scarcity of the material; its essentiality; and to some extent upon the type of control to which the industry has become accustomed. This diversity is increased by the various ends to be accomplished. These may be summed up as allocation and conservation of scarce critical

materials; prevention of inventory hoarding; rationing of consumer goods; breaking of bottlenecks; meeting of foreign commitments; and aid to low-end programs. Each of these purposes must be approached in a different manner.

It is still true that the use of words connoting good and wholesome purposes does not of itself guarantee cautious administration. As proof it can be riddled. Whenever scarce materials or components are "diverted" to "urgent" needs, they are taken away from the satisfaction of other needs, blindly. The test of urgency may be noise. With the best of intentions CPA will be merely assisting with problems it can see at the expense of those that it cannot see, and not much of industry can be seen in good perspective at any one time. Even where visibility is good, the decision to use Government powers has to rest on personal judgments and personal ideas of value. An industry with which an adjuster is familiar may make a better case to him than one that he has never considered very important, or a worse case than one that can deceive him on details. He will be subject to pressures. Economic and social evaluations must enter into most of his decisions, and the effect of a broad charter would be to delegate to a bureau matters on which the Congress itself has difficulty in agreeing. Do pressing reconversion needs include relocation of industry, or the strengthening of small or regional enterprise or of ethical competitors, or the preferment of mass production and big employing industries, or the relief of distressed areas? Most of these are arguable purposes but they are hardly to be handled as incidents to a rapidly shrinking war function. With respect to export preference, at what point is the urgency of relief in low-standard countries to be balanced against the maintenance of our own standards? Is reconversion best helped by holding inventories to merely normal ratios or by cutting them back to a hand-to-mouth small-purchase basis? On the eve of a return to free enterprise, is it still proper on even a moderate scale to dictate patterns of civilian production on the ground that Government bureaus regard some goods as more important than others? Does the Congress wish to leave all these decisions to the administration or to try writing its own specifications?

These questions are valid but they may be also self-defeating. There is hardly any limit to the number that could be raised and sound specifications could not very well be written for them all in the short time available. Also their application is shallow. A war agency will be trying to close up the most noticeable remaining industrial wounds by touching many points briefly within a few months. Congress and the public at large have been kept completely informed of actions taken. Industry understands what is being done. Any suspicious deviation from advertised purposes would bring quick protests. Almost everyone concerned will be operating in a familiar medium, and detailed new criteria at this stage might raise more questions than answers, and prove inappropriate as well for the solution of problems now unforeseen. In any event, the danger of too extensive use of the delegated powers is largely negated by the history of the WPB and of the CPA in their use of the powers granted. There appears to be no question but that they are making every effort to give up every remaining control at the earliest possible moment—so much so in fact that there has been considerable criticism of the speed with which certain controls have been liquidated.

(b) It can be further argued that assuming the difficulty of drafting a more restrictive statute, it would still be wise to redraft the Second War Powers Act so as to relate it more specifically to reconversion. The present law gave trouble during the closing phase of active hostilities. Reconversion problems

were plainly becoming paramount and the law was not designed with them in mind. It said in effect that shortages upon which action was premised should result from the fulfillment of requirements for the defense of the United States. Obviously, this phrase can be construed narrowly or broadly. If the war is over, national defense is not the primary consideration. Nevertheless, some current production will continue for future defense; and quite aside from mincing distinctions of this sort there is the important fact that if it were not for the efforts made over the past few years for the national defense but few if any shortages would exist.

The strategic allocation clause then goes on to authorize the President to allocate as he may deem necessary in the public interest and to promote the national defense. Here two criteria are present. Is the public interest to be construed as ancillary to the promotion of national defense or as an independent consideration? The presence of both tests might reflect merely a congressional fear that extreme measures might be taken in the name of national defense that were still not acceptable from an over-all viewpoint, or it might authorize measures going beyond a strict construction of national defense if in the administrator's judgment larger public interests would be thereby served.

There is always the final question of course as to whether the courts would regard the kind of things now being done by the CPA and companion agencies as coming within the purview of a war powers act. On this point Attorney General Clark recently quoted a Supreme Court decision which said the war power "carries with it inherently the power * * * to remedy the evils which have arisen from its [the conflict's] rise and progress." He has furthermore advised the OWMR that the various agencies exercising powers under title III would be quite justified in continuing to exercise these powers to aid reconversion if the act were extended in its present form.

Nevertheless it would not be exceedingly difficult to draft a new statute which granted approximately the same powers very definitely for the purpose of aiding reconversion. Even so simple an amendment as the insertion at appropriate points of the words "and considered essential for orderly reconversion" might be adequate.

This argument is sound as far as it goes, and were the priority and allocation powers to be a permanent part of our legislation it would doubtless be preferable to have the statute redrafted. However, this argument does not take into effect the problem of timing and the extremely transitory nature of the extension. It seems probable that a new statute would be more difficult to enact and to administer than a simple extension of the present statute, which is familiar both to government and to industry. During a comparatively brief period, the administration wishes to exercise approximately the same types of control although in rapidly decreasing numbers for precisely the same reasons—i. e., to make the most effective use of materials in time of scarcity. As a practical matter the task of enacting and administering new legislation to cover this brief period might not warrant the difficulties involved.

In view of the disproportion between complications and available time the Congress may be satisfied to let the issue be primarily one of confidence. There are hazards of course. Overzealous or officious administration could abuse a carry-over of broad power. Administrative sense of timing could become confused and powers intended for careful use in emergencies be applied to the making of economic rearrangements that seemed more satisfactory to the administration. This is a risk, but any grant of authority that would leave reasonable scope for the fulfillment of congressional intentions could

be abused by a determined administrator. The size and complexity of the economy have not been reduced by the ending of hostilities. National purposes have changed, but during this transitional period they can still be obstructed by difficulties carrying over from the war. Due to the scale and depth of the war dislocations small surprises can still happen. Speed in completing adjustment is very important both to the country generally and to the potentially unemployed in particular.

The actual number of critical cases needing accelerated production, or bottleneck-breaking, or special preference on materials, is now few. The WPB-CPA continuity is an agency that has been criticized more since VJ-day for withdrawing help than for giving it. It seems to take a good deal of pride in bringing buyers and sellers together at critical points on a voluntary basis rather than by command. Any decision of the Congress to let broad powers continue in force in preference to writing more specific ones—which for long-term use would be desirable—must rest principally on confidence that they will not be abused. The present custodians of the particular powers under consideration here have shown an actual distaste for using them, which goes somewhat beyond failure to abuse, and therefore would seem to justify the Congress in choosing the simplest available solution. If, therefore, the Congress feels that the danger of misuse is slight, a fairly wide grant of power may be the quickest way of ending the need for any grant at all. A general charter always has the merit of facilitating prompt and direct action, and the issue in this case is whether the good record of the responsible war agencies since VE- and VJ-days is sufficient warranty against its use for purposes that the Congress would not approve or had had no opportunity to study.

The simpler course, however, may require more substantial checks. Administrations change, and even an originally cautious administration may through continued exposure to problems become so sensitive to them as to take well-meant liberties with its mandate. On the record it may perhaps be assumed that the powers extended will be sparingly used. A requirement might be included, however, that those who exercise the powers for the President should submit a general report on past and prospective actions to the Judiciary Committee once every 2 months.

APPENDIX A

SUMMARY OF TITLES, SECOND WAR POWERS ACT

Title I. Emergency powers of the Interstate Commerce Commission of motor and water carriers: This title relates especially to enforced pooling of equipment, services, and facilities. The Office of Defense Transportation states the continuance of this title is unnecessary, insofar as land transport is concerned, but the War Shipping Administration has some special problems which they will explain and which may require extension of section 103 of this title.

Title II. Acquisition and disposal of property: This title enables the military to enter into immediate possession of real property with condemnation proceedings following later, and to some extent facilitates its disposition and use. The Army, especially the Corps of Engineers, and the Navy request continuation of this title.

Title III. Priorities powers: This title establishes the priorities, rationing, and allocation powers exercised by numerous Government agencies, including the War Production Board, the armed services, Office of Price Administration, Office of Defense Transportation, Agriculture, State, etc. Continuation is essential.

Title IV. Purchase by Federal Reserve banks of Government obligations: This title in effect gives the Treasury the right

to borrow up to \$5,000,000,000 on short notice from the Federal Reserve System. The Treasury considers it necessary to retain this power for the time being to tide it over possible emergencies.

Title V. Waiver of navigation and inspection laws: This title permits the operation of ships under less restrictive rules as to equipment and manning than would otherwise be the case. During demobilization continuation of this power is sought, especially by the Navy, to insure maximum use of available shipping.

Title VI. Power to requisition: This power has been extended until June 30, 1946, when continued need for it will probably have passed. No extension is therefore necessary at this time.

Title VII. Political activity: This title exempts employees serving part time and without compensation, or with only nominal compensation, from restrictions prohibiting participation in political activity. Due to continued existence of such organizations as price and rationing boards and selective-service boards, this title should be continued for a year.

Title VIII. Protection of war industries and protection of resources subject to hazards of forest fires: This title has already expired. No extension is necessary.

Title IX. Free postage for soldiers, sailors, and marines: The provisions of this title have been incorporated in the act to stimulate voluntary enlistments and this title is thus no longer necessary. No extension is necessary.

Title X. Naturalization of persons serving in the armed forces of the United States during the present war: This title is permanent in nature and no extension is required.

Title XI. Acceptance of conditional gifts to further the war program: Under this title contributions of the French Government in francs to American soldiers in France, necessitated by unfavorable exchange, are handled by the United States Government. For this reason only, extension of this title is desired by the Army.

Title XII. Coinage of 5-cent pieces: This title is permanent in nature and no action is necessary.

Title XIII. Inspection and audit of war contractors: This title is permanent in nature and no extension is necessary.

Title XIV. Utilization of war information: This title permits Census to make information available to Government agencies which would otherwise be confidential. Availability of this information is necessary in planning an orderly reconversion as it was in mobilizing the country for war, and this title should, therefore, be extended.

Mr. HANCOCK. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, this measure which comes before the Committee at this particular time arose following the introduction of several resolutions relating to the fixing of a date for the termination of the war. When those resolutions were presented to the subcommittee our duty became such that it was necessary to examine into the war powers which had been given by this Congress under both the First and Second War Powers Acts. This measure now before the committee is the result of that investigation which was held first by Subcommittee 4 of the Judiciary Committee of which the distinguished gentleman from Alabama [Mr. HOBBS] is chairman, and upon which subcommittee I happened to have been a member. After long hearings and very careful con-

sideration we have brought this bill before the House for its consideration and determination.

May I briefly explain some of the titles of the second war powers bill. There are 14 of these titles.

Title I deals with emergency powers relating to motor and water carriers. It was essential that that particular title be continued because we still have boys in the service; we still have transportation from the city of Washington to the Pentagon Building to get the workers in the War Department to and from their work; we have the question of getting the men to and from the Marine base at Quantico, down the Potomac River, so it was necessary that title I be continued for the present.

Title II of the Second War Powers Act relates to the acquisition and disposal of property. That power was extended to the War Department and to the Navy Department. It was highly essential during the period of the war that when they sought to acquire real estate or personal property that it be done quickly, and the Second War Powers Act was passed, and this particular title was passed in order to give to them the right and the power to act quickly in acquiring property. So far as the acquisition of property is concerned, that time has passed. Consequently, so far as the acquisition of property is concerned that is eliminated entirely from this act. But the disposal of property which was acquired still remains in the act and is a part of the law, because it is now necessary that they dispose of the property which was acquired for the purpose of the war.

Under title III, priorities in allocations, to which reference has been made by my distinguished colleague from New York [Mr. HANCOCK] it was found necessary to extend that title insofar as a very few items were concerned. Sugar, for instance, is now rather scarce, and it is necessary that there be some right of allocation and priorities so far as sugar is concerned. Tin is another.

At the time we held the hearings rubber was another item, but recently I have discovered in the press that they claim rationing, so far as rubber is concerned, will be lifted about the first of the year. The other is textiles. I had an instance just recently in which a boy who had been discharged from the Army sought to get a civilian suit of clothes. He went to his home town. He was unable to obtain a suit of clothes through the clothing merchants in his own home community, and he boarded the train and came to Washington in an effort to buy a civilian suit of clothes, which indicates how close and how tight textiles are at this particular time. So it was extended insofar as those items are concerned for the period of 6 months, the period this act is extended for those items which remain in the act.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. GWYNNE of Iowa. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. CHENOWETH. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Colorado.

Mr. CHENOWETH. I would like to ask the distinguished gentleman how long it is proposed to extend this right to issue priorities and allocations?

Mr. SPRINGER. I wish to thank my colleague for asking that question. It is proposed to extend this right for 6 months, up to June 30, 1946, and no further.

Mr. CHENOWETH. Do I understand it is the consensus of opinion that that will be the dead line then?

Mr. SPRINGER. That is the consensus of the opinion of the committee, to extend it for 6 months and no further. Of course, if we should find at the end of 6 months that it is absolutely necessary for the protection of the public to have some further or limited extension regarding critical materials, or supplies, then that could be met as we face that issue. But at this time I can see no good reason for any extension after June 30, 1946.

Mr. FELLOWS. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Maine.

Mr. FELLOWS. We not only agreed as a committee that June 30, 1946, should be the date of the conclusion of these powers, but I think we also agreed that the record of the hearings did not justify any later date; is that not true?

Mr. SPRINGER. The gentleman is entirely correct. That was the sense of the committee and that was the vote of the committee at the time we passed on it. I may say further to my distinguished friend from Maine that this was a unanimous vote, not only by the subcommittee, presided over by my distinguished friend the gentleman from Alabama [Mr. HOBBS], but also by the full Committee on the Judiciary.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. There cannot be any extension beyond June 30, 1946, except by an act of Congress.

Mr. SPRINGER. The gentleman is entirely correct.

Mr. ROBSION of Kentucky. It was the united opinion, as I understood it, of our committee that the OPA could not hope for an extension beyond its expiration date. This was included with the idea that June 30, 1946, would be the end.

Mr. SPRINGER. May I say to my distinguished friend from Kentucky that the OPA expires on June 30, 1946. It was thought that all question of allocations and priorities should expire at that same time. That was the sense of the committee and this was expressed by its vote.

If I may proceed further, I mentioned just a little while ago the waiver of the inspection laws with respect to navigation. We have all these boys located on foreign soil and we must get them back home at the earliest possible moment. This waiver of navigation inspection laws was made for the purpose of loading these boys onto ships and getting them to foreign soil quickly in order that they might participate in this war and that we might win this war. Now, the boys are on those

foreign shores and we want to get them back. If these strict and rigid inspection laws were enforced, we could not get the boys back as rapidly as we would be able to do otherwise. Because we have lifted these rigid inspection laws we load these ships to a greater capacity than they could otherwise be loaded under the rigid inspection laws in force.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. GWYNNE of Iowa. Mr. Chairman, I yield two additional minutes to the gentleman from Indiana.

Mr. ROBSION of Kentucky. Of course, there is nothing in this bill that authorizes either the War Department or the Navy Department or any other agency of the Government to put men on these ships in such numbers as to endanger their lives.

Mr. SPRINGER. The gentleman is entirely correct. The only thing with respect to the waiver of the rigid inspection laws is that if the ship should happen to be overloaded to a very small extent there would be no violation. They want to get the boys back as rapidly as possible, but they are not taking any chance of overloading the ships to the point where there is any danger.

Under this presentation today there are eight of these titles that are amended or extended in a limited manner, five that expire or are repealed, and one that is entirely eliminated. It is the sense of our committee, and I believe it to be the sense of the House, that we want to eliminate these war powers as rapidly as possible and get back to the normal procedure and progress in this country. I think that meets with the thought of each and every Member of the House. Each and everyone of these war powers which were granted by Congress under both the First and the Second War Powers Acts it is our sense, and I believe it to be the sense of the entire membership, should be eliminated as rapidly as possible so that we may proceed in a normal manner in the future.

Mr. Chairman, I hope this bill, which is presented after careful consideration, will receive the unanimous vote of the House of Representatives.

Mr. GWYNNE of Iowa. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GWYNNE of Iowa. Mr. Chairman, something has been said about the discharge from the marines of Pvt. Jack MacNider, 18-year-old son of Gen. Hanford MacNider. Not knowing the circumstances, I am not in any position to make comment on the discharge.

However, in the interest of fair play, I would like to invite attention to the military record of the MacNider family.

Hanford MacNider served with the Iowa National Guard in 1916 on the Mexican border. He entered World War I as a second lieutenant and was promoted to a lieutenant colonel and was adjutant of the famous Second Division. He was wounded twice and was twice awarded the Distinguished Service Cross.

As soon as this Congress declared war on Japan, Hanford MacNider came to Washington, asking only for immediate service at the front. Within a very short time he was in the Pacific area, where he spent 4 years. He was promoted to brigadier general and was wounded by a hand grenade while at the front, the sight of one eye being seriously affected. In World War II he was also twice awarded the Distinguished Service Cross.

In the period between the two wars Hanford MacNider served as Iowa State commander and later as national commander of the American Legion. He was also Assistant Secretary of War and Minister to Canada.

Each of the three young sons of Hanford MacNider volunteered in this war, and at least two of them enlisted on their seventeenth birthday.

(Mr. ROBSION of Kentucky asked and was given permission to revise and extend his remarks.)

Mr. HANCOCK. Mr. Chairman, I yield 3 minutes to the gentleman from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, the abrogation of all these war powers which were of necessity granted to the Chief Executive in order to effectively wage this war is a consummation devoutly to be wished. We are getting rid of some of them. We all hope to see the day when we can eliminate them all. Speaking of the apparent discriminations and acts of favoritism by which the boys of some men close to the seats of the mighty have been brought home while other men have been kept overseas for 2 or 3 years, I received a letter yesterday from a good woman in my district whose husband has been across 3 years. She said, "I could remain silent; I could take it until this last blow." She sent me a newspaper clipping which told of the unmarried son of a general who had been brought home and who had not been over there nearly as long as her husband had. People just cannot understand these things.

I just want to say, in passing, if we have any doubt as to whether Gen. Patrick J. Hurley was correct in his diagnosis of the kind of people that have been hamstringing him and double crossing him and sabotaging the effort of this country to maintain the only real government that China has, if we ever had any doubt about whether he was right in what he said, we have overwhelming, indisputable proof of the fact that he was right by the abuse and the source of the abuse that has been heaped upon him since he exposed these worthies last week. Nobody could have any doubt about it.

Forgetting and ignoring General Hurley's great services to his country as a soldier and diplomat in the First World War, and as a special representative of former President Roosevelt in the Asiatic area in this war, in the performance of which mission he narrowly missed death on more than one occasion, his detractors are undertaking to flyspeck him and whistle him down the wind. They call him a cowboy diplomat. Well, he was a cowboy when a young man—and it is my opinion that 90 percent of the decent people of this country will say to Pat Hurley, "Ride 'em, Cowboy; ride 'em."

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. HANCOCK. Mr. Chairman, I yield such time as he may desire to the gentleman from Colorado [Mr. CHENOWETH].

(Mr. CHENOWETH asked and was given permission to revise and extend his remarks.)

Mr. CHENOWETH. Mr. Chairman, I favor the proposed bill amending the Second War Powers Act of 1942. I wish to commend the committee for the careful study it has given this matter. I desire to confine my remarks to title III of the original war powers bill which deals with priorities powers.

I am happy to note that the committee has fixed the termination of this section for June 30, 1946. This means that the power of the Government to allocate materials and to ration scarce articles will expire on that date. I believe the committee has very wisely set this date and in so doing is now serving notice on the departments and agencies engaged in rationing and allocating that they can now make their plans to quit business at the close of next June.

The American people have been asking for some time just when these war programs would end. There has been considerable speculation as to just how long they would be continued. In some quarters we hear the rumor that some of these agencies would like to perpetuate themselves, and not long ago Mr. Bowles, OPA Administrator, told a congressional committee that it would be impossible to end price control next year.

It is reassuring to know that the Committee on the Judiciary has taken a different attitude, and is now informing the House that after careful consideration it is of the opinion that these controls can be removed next year. The Price Control Act expires on June 30, which is the same date fixed for the end of the rationing and allocation authority. I think it is well that the committee decided that both should be abolished at the same time.

By the passage of this bill today the House is announcing that on June 30, 1946, we will return to the American way of doing business in this country. I am sure that everyone believing in free enterprise will rejoice that the end of the wartime controls is only a little more than 6 months away.

While on this subject of rationing, I wish to call attention just briefly to the sugar situation. It has been announced on this floor within the past few days that the supply of sugar for 1946 will be about 1,500,000 tons greater than in 1945. Our sugar-beet crop was increased this year, there will be more cane sugar produced in this country, and we can expect increased imports from Cuba, Puerto Rico, and certainly some amount from the Philippines. In view of this favorable outlook surely the Department of Agriculture should now announce a new rationing program for the next 6 months, so that increased amounts may be made available for domestic and industrial use.

I have received several appeals from bakeries within the past few days who state they cannot continue in business on the present allocation of sugar they are receiving. Already many of these

bakeries in my district are closing. I wish to quote from a wire received just last week from the chamber of commerce at La Junta, Colo.:

A. N. Phillips, operating the only two bakeries in La Junta, forced to close today account Denver Office Industrial Users, OPA, refusal to consider troop-train demands for bakery goods upsetting civilian requirements for bakery sugar. Local operator and honest citizens striving to supply demand seriously impeded by asinine rulings. Earnestly seek your assistance to help tide us over this emergency.

I took this matter up with the OPA in both Washington and Denver, but was advised nothing could be done until December 15. In the meantime these two bakeries are closed, as are many others. There is a suspicion that there is more sugar available than is being announced, and surely now is the time for these allocations to be revised and adjusted. I know of some bakeries who close 2 days each week because they do not have sufficient sugar. The situation is truly desperate.

So, Mr. Chairman, it is refreshing to have this legislation here today and to know that we now see the end of these wartime controls. I again congratulate the chairman and every member of the committee. I feel this is the greatest step we have yet taken in our reconversion program.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That (a) title II of the Second War Powers Act, 1942, as amended, is amended by adding thereto the following section:

"SEC. 202. The authority to acquire property, or any use thereof or interest therein, granted by section 2 of such act of July 2, 1917, shall not be exercised after the date upon which this section becomes effective."

(b) Title IX of the Second War Powers Act, 1942, as amended, is hereby repealed.

(c) Title XI of the Second War Powers Act, 1942, as amended, is hereby amended by adding thereto the following section:

"SEC. 1107. On and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of personnel of the armed forces of the United States stationed abroad."

(d) Title XII of the Second War Powers Act, 1942, as amended, is hereby amended by substituting the date "December 31, 1945" for the date "December 31, 1946" wherever the later date appears in such title.

(e) Section 1501 of title XV of the Second War Powers Act, 1942, as amended, is hereby amended to read as follows:

"SEC. 1501. Titles I to V, inclusive, and titles VII, XI, and XIV of this act, and the amendments to existing law made by any such title, shall remain in force only until June 30, 1946, or until such earlier time as the Congress by concurrent resolution, or the President, may designate, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this act had not been enacted; but court proceedings brought under any such title shall not abate by reason of the termination hereunder of such title."

Mr. MARCANTONIO. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARCANTONIO. Mr. Chairman, I have just heard read the message which came from the President of the United States this morning. I would be remiss in my duty to the people I represent if I did not now make comment thereon.

It is my considered judgment that this message constitutes one of the most serious blows against the interests of the working people, at a time which can properly be described as the most critical period for labor in this country.

The message makes certain recommendations. One of the recommendations that has been made restricts labor from exercising its fundamental right, the right not to work, which is the only factor that labor has at its disposal in order to establish equality in bargaining. If the President's recommendation is accepted, this right will be seriously circumscribed.

If the President's recommendations were adopted it would mean that in the basic industries of this country labor would be placed at a tremendous disadvantage. We must bear in mind that in bargaining, labor is powerless unless it is in a position free and untrammelled to refuse to work at time when it believes it necessary to refuse to work. To cut that right down, to restrict it, means in effect depriving labor of the right to strike. The right to strike in and of itself is meaningless unless labor has the right to say when it can strike. If we take from labor the right to decide when it can strike we are virtually taking away from labor the right to strike in that we thereby destroy the effectiveness of striking. Take the right to strike away from labor by destroying the effectiveness of this right and labor is no longer free in these United States. Thus labor is placed on an unequal basis in bargaining with industry.

When I use the word "unfair" in connection with the President's recommendations, it is an understatement; these recommendations are most damaging to labor at this time.

Mr. PRIEST. Mr. Chairman, will the gentleman yield?

Mr. MARCANTONIO. I yield.

Mr. PRIEST. I am sure the gentleman agrees that one of the greatest needs of the country today and for the next 9 to 12 months if we are to prevent inflation is production.

Mr. MARCANTONIO. Correct.

Mr. PRIEST. The gentleman has been interested I believe, as I and many others have been, in preventing inflation. The President has stated to the Congress, and all of us I am sure realize and did several days ago that the Management-Labor Conference has failed to produce any agreement. The President has made these recommendations.

Personally, I feel that his message was very constructive and that if we have legislation within the next few days to put those recommendations into effect we can at least stave off inflation that will be as ruinous to labor as to everybody else. I wonder if the gentleman has any alternative suggestion in view of the failure of the Management-Labor Conference?

Mr. MARCANTONIO. Yes; definitely. First of all let me answer the gentleman.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MARCANTONIO. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed out of order for five additional minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from New York may proceed.

Mr. MARCANTONIO. In answer to the gentleman from Tennessee, let me say that any inflationary condition is not going to be produced by labor in asking for a 30-percent increase. As the gentleman knows, with the doing away with overtime and time and a half pay the take-home pay of labor has been reduced by 30 percent, while at the same time the gentleman himself, being a student of prices and price control, must admit that prices have increased. Therefore, labor's demand for an increase is not inflationary. So you cannot get away from that proposition.

As to the exercise of the right to strike, labor does not want to strike, workingmen do not want to strike. It means loss of pay to them, it means hardships to their families. If anybody in this House feels that the average worker or organized labor wants to strike just for the fun of it, I want to assure him that that is not so at all. But when you have organizations like GM or Steel which take a position that they are not going to give any increase, and take the position they are not going to negotiate, what else would you want labor to do? Would you want labor to submit, to commit suicide, to have the take-home pay of American workers cut down to the bone?

You ask, What solution is there? Of course, there is a solution; and I was very disappointed that the President did not recommend that solution, which is to enforce the National Labor Relations Act and compel organizations like GM and Steel to enter into collective bargaining. Certainly, no one can quarrel with that. That is the law. Why not enforce it?

But with the President's recommendation, what happens? Here you have GM and Steel that have declared ruthless warfare on labor. There is not a word of condemnation of them in this message. What is wrong? This message favors them. Not only does it call for this repressive legislation—and that is what it does—not only does it call for legislation that will give tremendous advantage to industry against labor, but in the existing GM situation the President asks for what the company has been requesting; that is, to have the men return to work when their staying away from work is the only power they have to enforce collective bargaining. Strategically, it is an advantage to GM for the President to ask the workers to return to work at this time when GM has repeatedly refused to enter into a realistic discussion of the merits of the dispute by opening its books.

Mr. Chairman, we find industry bloated with profits. We find it is the beneficiary of tax legislation which has benefited it to a tremendous extent. We find labor's income being cut down daily. Labor expected that in this dangerous period it would receive from the President that aid which labor has justly earned. Instead, we do not even get neutrality. We get a proposal which is anti-labor in character, a proposal which would deprive labor of its only weapon with which it can enforce collective bargaining, a proposal which is one-sided, on the side of industry, despite the fact that it has been industry's greed which has held up the reconversion program.

These are facts that have to be faced. We will have to face them within the next week or so. Let us face them in fairness and justice to the men who toil, to the men whose take-home pay has been cut to the extent that the average housewife of the American worker can no longer meet her budget. Now, no one can any longer dodge this issue. Let us face it squarely.

The CHAIRMAN. The time of the gentleman from New York has expired.

(Mr. MARCANTONIO asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, in his criticism of the President's message suggesting needed legislation affecting industrial disputes just read to the gentleman from New York [Mr. MARCANTONIO] is in error on two fundamental propositions, as a matter of fact, on three. In the first place the message of the President does not ask the employees to forego the right to strike. There is no such statement in the message which I hold in my hand. Perhaps the gentleman referred to the statement that strikes and lock-outs be postponed.

The President asks that strikes and lock-outs be postponed for 30 days. Certainly there is nothing unreasonable in asking the postponement of a strike which vitally affects the public interest, especially true is it when we are engaged in an attempt to bring about reconversion, prevent unemployment.

In the second place, the gentleman says that the take-home wage has been reduced. The purchasing power of the take-home wage has not been reduced. It is \$290 more than it was in 1929, and all you need to do is look at the figures and read the articles appearing in last week's United States News.

There you will find a comparison of the purchasing power of the take-home wage of the average American worker. The statement shows that, in 1929, the average income of the working United States citizen, adjusted for taxes and living costs, would purchase \$1,331 worth of the things that make up the average living.

In 1933, he received an income which would purchase but \$1,256 worth of food,

merchandise and other things which went into the cost of living. In 1939, the average income, figured on the same basis, was \$1,435, while in 1945, it was \$1,603—a 27 percent increase above the purchasing value of the average income of the worker in 1933, and of almost 12 percent above that which the average worker could purchase in 1939.

Again the gentleman said: "Why not bargain?" He said that General Motors has refused to bargain. I am sorry; but the gentleman is again in error. General Motors has not refused to bargain. The only thing that it refused to do was to discuss the right of the employees to have access to the company's books. Under no American theory is the right of an employee to inspect an employers books the subject of investigation under collective bargaining. The UAW-CIO asked General Motors to negotiate—and think of this—the question of the unlawfulness of a picket line engaged in lawlessness and violence. The press throughout the country, and eye-witnesses on the spot, show that the pickets are acting in violation of a criminal statute of the State of Michigan. I know of no reason why that right should be negotiated, but General Motors said it was willing to discuss it.

Saturday, Wilson, of General Motors, proposed to Thomas and to Reuther, representatives of the UAW-CIO, that the strikers go back to work in the parts plants supplying not General Motors—oh, no—supplying Chrysler and Ford, and Thomas, the president of the UAW-CIO, advised the workers to do it. Reuther, who is negotiating for the UAW-CIO, said that it was a most generous offer. He appeared surprised that General Motors could be so generous—it was a turning of the other cheek—and he advocated the opening of the plants at Flint. What happened? The UAW-CIO council, representing some forty or sixty thousand workers of the Flint local, said, "No; we will not open those plants. We will not even enable the competitors"—think of it—"the competitors of General Motors to make automobiles." And yet these gentlemen talk about the refusal of General Motors to negotiate. The only fault I can find with the President's message is that it does not go quite far enough. It does not suggest that when this Congress passes legislation, as it will be forced to do by public sentiment, that the Congress of the United States require the unions and the members of the unions to assume and exercise a degree of responsibility equal to the power which has been given them. Why not make them responsible for the damage they do? Why not make them comply with the contracts that they make when they enter into and complete their negotiations?

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Will the gentleman from Michigan explain what information General Motors' books would disclose over and beyond that which is revealed by the annual statement to its stockholders?

Mr. HOFFMAN. None at all. Of course, wages are not fixed by the fact that a company makes or does not make a profit. If the company sustains a loss, under the American way of doing business, the company must pay at least a minimum wage, even though it sustains a loss which in the end may put it out of business.

And why negotiate unless the bargaining representatives of the union have authority to bind the union and its members?

BARGAINING COLLECTIVELY FOR WHOM?

UAW-CIO, through Thomas and Reuther, has been insisting that the Government force General Motors to come to Washington to bargain collectively and settle the dispute over its demand that the selling price of automobiles be held at the 1942 level; that the company open its books to inspection and that a 30 percent wage increase be granted.

The company expressed its willingness to negotiate the wage issue, but refused to either open its books or concede UAW-CIO's right to fix the prices of its products. The result was a deadlock.

Then came UAW-CIO's demand that the Government compel General Motors to again negotiate. This was followed by General Motors' reply that the parties should first negotiate the question of illegal picketing and the imprisoning of company clerical employees in the plant.

Still later, Wilson, president of General Motors, suggested to Thomas, president of UAW-CIO, that all General Motors plants making parts and accessories for General Motors' competitors, including Ford and Chrysler, be reopened and supply those competitors, so they could continue business.

Reuther characterized the offer as very generous, advocated its acceptance, but said that it must be passed upon by the local unions in the parts plants.

This morning's press carries the information that the CIO Industrial Union Council at Flint, where 42,000 General Motors employees are on strike, rejected the plan, refused to make the parts necessary to enable other companies to turn out automobiles, even though there is no strike against those companies.

According to the press, the Flint union said the plan could, and I quote, "only lead to possible rioting and bloodshed."

Can it be possible that the union Council meant that, if the workers, the employees, went back to work in a plant owned by General Motors, even though the purpose was only to keep other union members working in Ford and Chrysler, it would cause rioting and the beating up of its own members?

The Flint union further said in a telegram to Thomas, the UAW-CIO president, that—

Our plant is shut down 100 percent and we intend to keep it down 100 percent until our just demands are won.

Can it be possible that the law-enforcing authorities of Michigan will permit the use of violence by these pickets, who are acting in violation of a Michigan statute and of a request by their own international union officers that em-

ployees be permitted to operate these factories?

Does not the foregoing demonstrate the difficulty of bargaining collectively under the present National Labor Relations Act?

Apparently, Thomas and Reuther have been authorized by the UAW-CIO to negotiate with General Motors, but when a suggestion agreeable to them comes from General Motors, the local at Flint turns it down.

Should there not be some provision of law which makes binding upon unions and the members of the unions any agreement entered into by their legally authorized bargaining representatives?

Why a contract if it is not to be kept by the union and by its members? Why a contract if a violation of it does not make the violators responsible for the injury and damage growing out of the violation?

The following are press accounts of the later developments in the UAW-CIO-GM dispute:

GM PLAN ACCEPTED BY CIO—AGREE TO TURN OUT PARTS FOR FIRM'S RIVALS—UNION STANDS PAT ON WAGE DEMAND

DETROIT, MICH., December 1.—Striking CIO United Automobile workers agreed today to relax their strike against General Motors Corporation to permit production of parts for competitors of the giant automotive concern.

A General Motors spokesman said the action might result in partial resumption of work in nearly half the corporation's plants.

The unprecedented agreement to permit some of the striking UAW-CIO members to produce car parts needed by GM rivals came from R. J. Thomas, union president, in response to a proposal yesterday by General Motors President C. E. Wilson.

CALLS OFFER GENEROUS

In a letter Thomas told Wilson the offer was "generous" and came as a "welcome surprise," but he expressed belief there are "only one or two items on which GM production is an essential part of the picture for other manufacturers."

"I shall, of course, accept the offer," Thomas wrote.

His letter gave no indication, however, of any retreat from the union's wage demands which Wilson has assailed as "unreasonable."

Discussing the possibility that strikers returning to work on parts output might be asked to contribute portions of their pay to the union strike funds, a spokesman at international UAW-CIO headquarters said such a decision would be left to the local unions involved. He expressed belief some locals would take such action.

Noting that automobile industry policy is "to have at least two suppliers and preferably more for each part or component," Thomas said he would seek to ascertain the dependence of other manufacturers on GM production, and the size of present stock piles.

FORTY THOUSAND PARTS WORKERS

After that, the Thomas letter said, the international union will "lay the facts before the various GM local unions which may be involved." Thomas said he would communicate again with Wilson "as soon as the necessary data has been collected and analyzed."

Principal General Motors parts plants, a corporation spokesman said, employed more than 40,000 of the 175,000 workers now on strike in more than 70 factories. How many of these would be affected by any partial resumption of production, he said, was impossible to estimate at present. Approximately 50 percent of GM plants make parts in varying quantity.

The AC spark-plug plant at Flint, Mich., produces, in addition to plugs, fuel pumps which the spokesman said were used by about 90 percent of the motor-car industry. It employs nearly 10,000 workers.

Other large parts producers in GM include the Deico-Ray and guide lamp units at Anderson, Ind., producing generators, starters, and head lamps; the malleable plant making camshafts at Saginaw, Mich.; the New Departure unit at Bristol, Conn., producing bearings; two Hyatt roller bearing plants in New Jersey, and the Harrison Radiator division at Lockport, N. Y.

FIRST SIGN OF BREAK

The Wilson-Thomas agreement was the first indication of a break in the shut-down that spread through the Nation's GM plants when the UAW-CIO struck November 21 to enforce demands for a 30-percent wage increase within the corporation's present price structure.

Production of parts for competing manufacturers would coincide with the union's strike strategy of keeping other producers going while shutting down GM operations. On the other hand, return of some strikers to jobs might result in individual situations where pickets would watch their fellow unionists reentering struck plants.

Wilson, who made the parts production offer to the union last night, expressed belief it was "very unfair" for General Motors to be singled out for a "labor blockade," and added, "nevertheless, it has always been our principle to take care of our customers if there was any possible way to do it."

UNION'S CHIEF WON'T ORDER ANY WORKERS BACK TO JOBS—LOCALS MUST DECIDE FOR THEMSELVES ON REOPENING GM PARTS PLANTS, THOMAS SAYS

DETROIT, December 2.—Faced with a membership rebellion against an agreement with General Motors for manufacture of parts at eight plants while the main GM strike remains in progress, President R. J. Thomas, of the United Automobile Workers, said tonight he had no intention of arbitrarily ordering the men back to work.

The CIO's industrial union council at Flint, Mich., where 42,000 GM employees are on strike, denounced the agreement to permit parts manufacture.

The Flint union council condemned the plan as "morale destroying" and said it could "only lead to possible rioting and bloodshed." This ruled out any chance of work being restored at the key AC sparkplug plant, providing fuel pumps for several car companies outside the General Motors system.

ANOTHER LOCAL TO MARK TIME

"Our plant (AC) is shut down 100 percent, and we intend to keep it down 100 percent until our just demands are won," said a telegram to Thomas.

At the same time, workers at the Harrison Radiator Co. plant, Lockport, N. Y., decided to stay on strike until the situation has been clarified.

The agreement, proposed by President C. E. Wilson, of GM, to permit production of key supplies for other automobile manufacturers, had been tentatively accepted by Thomas.

However, rebellion flared among the strikers themselves against this development, leading Thomas to state tonight that the international union has "no intention of arbitrarily and immediately ordering strikers back to work in the General Motors parts plants."

Mr. SUMNERS of Texas. Mr. Chairman, I move to strike out the last two words, and I do it for this purpose: We are considering now, and are close to a vote on the Second War Powers Act. This discussion is getting entirely away

from the bill. There have been two speeches made now with reference to the President's message. I regard it as what I think is my right, and probably my duty, to make objection to a discussion that gets us entirely away from the provisions of the bill. I hope the gentlemen who have something further to say with regard to the President's message will defer that discussion until we can get through with the business at hand. In addition to that, we have another bill, a very important bill, the First War Powers Act, which is pending, and I understand it has been arranged to give the Committee an opportunity to present that bill.

I therefore move, Mr. Chairman, that all debate on this bill do now close.

The motion was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TARVER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended, pursuant to House Resolution 426, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. HOBBS. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HOFFMAN asked and was given permission to revise and extend his remarks and include a newspaper article.

Mr. HOBBS asked and was given permission to revise and extend his remarks and include an extract from a report.

Mr. SADOWSKI asked and was given permission to extend his remarks in the RECORD.

Mr. WASIELEWSKI asked and was given permission to extend his remarks in the RECORD and include certain extraneous matter.

Mr. WALTER asked and was given permission to revise and extend his remarks and include the report of the staff of the Postwar Economic Policy and Planning Committee.

Mr. BYRNE of New York asked and was given permission to extend his remarks in the RECORD and include an article written by the gentleman from Massachusetts [Mr. MCCORMACK] entitled "There Is Work To Be Done" appearing in the December issue of the

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79TH CONGRESS
1ST SESSION

H. R. 4780

IN THE SENATE OF THE UNITED STATES

DECEMBER 4 (legislative day, OCTOBER 29), 1945

Read twice and referred to the Committee on the Judiciary

AN ACT

To amend the Second War Powers Act, 1942, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) title II of the Second War Powers Act, 1942,
4 as amended, is amended by adding thereto the following
5 section:

6 “SEC. 202. The Authority to acquire property, or any
7 use thereof or interest therein, granted by section 2 of such
8 Act of July 2, 1917, shall not be exercised after the date
9 upon which this section becomes effective.”

1 (b) Title IX of the Second War Powers Act, 1942,
2 as amended, is hereby repealed.

3 (c) Title XI of the Second War Powers Act, 1942, as
4 amended, is hereby amended by adding thereto the following
5 section:

6 "SEC. 1107. On and after January 1, 1946, the au-
7 thority granted by this title shall be exercised only for the
8 benefit of personnel of the armed forces of the United
9 States stationed abroad."

10 (d) Title XII of the Second War Powers Act, 1942, as
11 amended, is hereby amended by substituting the date "De-
12 cember 31, 1945" for the date "December 31, 1946"
13 wherever the latter date appears in such title.

14 (e) Section 1501 of title XV of the Second War Powers
15 Act, 1942, as amended, is hereby amended to read as
16 follows:

17 "SEC. 1501. Titles I to V, inclusive, and titles VII, XI,
18 and XIV of this Act, and the amendments to existing law
19 made by any such title, shall remain in force only until June
20 30, 1946, or until such earlier time as the Congress by con-
21 current resolution, or the President, may designate, and after
22 such amendments cease to be in force any provision of law
23 amended thereby shall be in full force and effect as though

1 this Act had not been enacted; but court proceedings
2 brought under any such title shall not abate by reason of
3 the termination hereunder of such title.”

Passed the House of Representatives December 3, 1945.

Attest:

SOUTH TRIMBLE,

Clerk.

79TH CONGRESS
1ST SESSION

H. R. 4780

AN ACT

To amend the Second War Powers Act, 1942,
as amended.

DECEMBER 4 (legislative day, October 29), 1945

Read twice and referred to the Committee on the
Judiciary

79TH CONGRESS
1ST SESSION

H. R. 4780

IN THE SENATE OF THE UNITED STATES

DECEMBER 5 (legislative day, OCTOBER 29), 1945

Referred to the Committee on the Judiciary and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. HAYDEN (for himself and Mr. RUSSELL) to the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended, viz:

1 On page 2, between lines 2 and 3, insert the following:

2 “(c) Title III of the Nationality Act of 1940, as
3 amended by title X of the Second War Powers Act, 1942
4 (relating to naturalization of persons serving in the armed
5 forces of the United States during the present war), is
6 amended as follows:

7 “(1) Section 701 of such title is amended by striking
8 out ‘and (3) the petition shall be filed not later than
9 one year after the termination of the effective period of those
10 titles of the Second War Powers Act, 1942, for which the

1 effective period is specified in the last title thereof' and
2 inserting in lieu thereof 'and (3) the petition shall be filed
3 not later than December 31, 1946'.

4 “(2) Such title is amended by adding at the end thereof
5 the following new section:

6 “‘SEC. 706. No person shall be naturalized under the
7 provisions of this title unless such person has served in the
8 military or naval forces of the United States prior to the date
9 of enactment of this section’.”

10 On page 2, line 3, strike out “(c)” and insert “(d)”.

11 On page 2, line 10, strike out “(d)” and insert “(e)”.

12 On page 2, line 14, strike out “(e)” and insert “(f)”.

79TH CONGRESS
1ST SESSION

H. R. 4780

AMENDMENTS

Intended to be proposed by Mr. HAYDEN (for himself and Mr. RUSSELL) to the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended.

DECEMBER 5 (Legislative day, OCTOBER 29), 1945
Referred to the Committee on the Judiciary and
ordered to be printed

**EXTENSION OF SECOND WAR POWERS ACT, 1942,
AS AMENDED**

(Re: Transportation, Rationing, Priorities, Coinage, Etc.)

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE
SEVENTY-NINTH CONGRESS
FIRST SESSION

ON

H. R. 4780

**AN ACT TO AMEND THE SECOND WAR POWERS
ACT, 1942, AS AMENDED**

DECEMBER 10, 1945

Printed for the use of the Committee on the Judiciary



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WASHINGTON : 1945

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EXTENSION OF SECOND WAR POWERS ACT, 1942, AS AMENDED

MONDAY, DECEMBER 10, 1945

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, D. C.

The committee met at 10:30 a. m., pursuant to call, the Honorable Joseph C. O'Mahoney presiding as acting chairman.

Senator O'MAHONEY. The committee will please come to order.
(Bill H. R. 4780 is as follows:)

[H. R. 4780, 79th Cong., 1st Sess.]

AN ACT To amend the Second War Powers Act, 1942, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) title II of the Second War Powers Act, 1942, as amended, is amended by adding thereto the following section:

"Sec. 202. The Authority to acquire property, or any use thereof or interest therein, granted by section 2 of such Act of July 2, 1917, shall not be exercised after the date upon which this section becomes effective."

(b) Title IX of the Second War Powers Act, 1942, as amended, is hereby repealed.

(c) Title XI of the Second War Powers Act, 1942, as amended, is hereby amended by adding thereto the following section:

"Sec. 1107. 'On and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of personnel of the armed forces of the United States stationed abroad.'"

(d) Title XII of the Second War Powers Act, 1942, as amended, is hereby amended by substituting the date "December 31, 1945" for the date "December 31, 1946" wherever the latter date appears in such title.

(e) Section 1501 of title XV of the Second War Powers Act, 1942, as amended, is hereby amended to read as follows:

"Sec. 1501. Titles I to V, inclusive, and titles VII, XI, and XIV of this Act, and the amendments to existing law made by any such title, shall remain in force only until June 30, 1946, or until such earlier time as the Congress by concurrent resolution, or the President, may designate, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted; but court proceedings brought under any such title shall not abate by reason of the termination hereunder of such title."

Passed the House of Representatives December 3, 1945.

Attest:

SOUTH TRIMBLE, Clerk.

Senator O'MAHONEY. This meeting has been called to consider the bill H. R. 4780, to amend the Second War Powers Act, 1942, as amended. That bill, which was introduced by Congressman Sumners of Texas, chairman of the House Judiciary Committee, was passed by the House on December 3, 1945.

The amended Second War Powers Act, by its terms in title XV, expires as of December 31, 1945.

The purpose of the bill, which the House has passed, is to extend that act and to amend it in certain particulars.

The War Powers Act consisted of 15 titles. It was reported favorably by this committee and passed in 1942.

The first title deals with emergency powers of the Interstate Commerce Commission over motor and water carriers, giving the Interstate Commerce Commission the power to exercise directive authority over all carriers in interstate commerce. It was by means of this that the transportation facilities of the country were mobilized successfully to transport men and material for the war.

The representation was made to the House that we can not yet safely surrender those powers because there is still a very grave transportation job to be done.

Title II deals with the acquisition and disposition of property. This was the provision of law which authorized the War and Navy Departments to occupy property before condemnation. The House, while extending that authority and all of the authorities in the bill to the 30th of June of next year—1946—amended this provision to provide that the authority to acquire property or use thereof, or interest therein, granted by section 2 of the act of July 1917, shall not be exercised after the date this section becomes effective.

The result of that is that the actual seizure of property will no longer be permissible.

Title III deals with priorities powers. The record which has been established under the War Production Board, the Office of Price Administration, the Solid Fuels Administration, and all the other agencies of the Government, is a rather remarkable one when we total it up, as I did last night, after reading the House hearings, which show the number of orders issued and which have been suspended.

The peak number of orders and directives which were outstanding at any time during the war from War Production Board, QDT, Agriculture, Solid Fuels, and OPA was 3,967. There are now outstanding, or were as of the 1st of November, only 220 of that total, with the possibility that 54, which are credited here to ODT, are not in existence at the present time.

Do you know, Mr. Klagsbrunn, whether all the ODT orders have been repealed?

Mr. KLAGSBRUNN. I think all three or four are off the books now.

Senator O'MAHONEY. The House hearings stated it was estimated by the 1st of December there would be no ODT orders left.

Then the next title, title IV, was the authority to the Federal Reserve banks to purchase obligations directly from the Treasury instead of going in the open market as required by the banking law of 1935.

Title V deals with the waiver of navigation and inspection laws. This title, like title IV, is represented by the agencies concerned as necessary to extend the waiver of navigation and inspection laws. The waiver and navigation laws, for example, we are told, make it possible to transport a great many more soldiers and sailors back to the United States than would be possible if all the laws governing passenger vessels were strictly enforced.

Title VI deals with the power of requisition. This power has been extended until July 30, 1946. Therefore it was not included in the bill before us.

Title VII is the title which suspends the Hatch Act with respect to citizens who acted on voluntary ration boards, and the like. And since there are still some such boards, the representation is made that extension should be granted.

Title IX, which was introduced in the bill in the Senate is the one which provides free postage for soldiers and sailors. That has been taken care of by a new law. So it is no longer necessary in this act.

Title X deals with the naturalization of persons serving in the armed forces of the United States during the present war. In its original form it had no termination date and therefore it is not affected by this bill.

Title XI deals with the acceptance of conditional gifts to further the war program.

Senator WHEELER. Why does not this bill extend the time on title X?

Senator O'MAHONEY. Because there was no limitation on title X in the original act.

Senator WHEELER. Why is it included in this act?

Senator O'MAHONEY. It is not included in this act. I am telling you what was in the original War Powers Act.

Title XI deals with the acceptance of conditional gifts to further the war program. The House has amended that to provide that on and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of the personnel of the armed forces of the United States stationed abroad. I think the story will be told that France makes gifts of francs in order to enable the United States authorities to handle the exchange of all military personnel abroad.

Then title XII deals with the coinage of 5-cent pieces. That bill authorized the minting of coins half silver and half copper. It is now represented that we have enough nickel to go back to the old coin, but the law, as originally passed, has certain exemption features, the repeal of which would not be advisable.

So the House bill provided that the authority to make these coins from silver and copper would expire on December 31, 1945, instead of December 31, 1946, as provided in the War Powers Act.

Title XIII of the War Powers Act deals with the inspection and audit of war contractors. There was no limit provided on that title in the original bill. So no extension is needed and it is not included in the bill before us.

Title XIV deals with the utilization of vital war information. This had to do, chiefly, as I understand it, with information available in the Bureau of Census, information which has been used advantageously, we are told, by the OPA.

Title XV is the title which places the time limit.

As the report of the House shows, and I have had a copy of the report laid on each Senator's desk, that the Second War Powers Act is amended in five respects. First, it amends title II to eliminate the power to seize real property, as I have already described. Although I note that the bill refers to "property" on page 1, line 6, instead of to "real property."

Secondly, it repeals title IX dealing with free postage for the members of the armed forces.

Third, it adds a new section to title XI, which reads as follows:

On and after July 1, 1946, the authority granted by this title shall be exercised only for the benefit of personnel of the armed forces of the United States stationed abroad.

Fourth, it amends title XII by substituting the date "December 31, 1945," for the date "December 31, 1946," as the date upon which the Treasury is to return to the minting of 5-cent pieces of the prewar metallic content.

Fifth, it extends for 6 months title I through V, VII, XI, and XIV, of the act.

Mr. Snyder, head of the Office of War Mobilization and reconversion, advised the Chairman and advised me that his office is of the opinion that the extension should be for a year and not for 6 months. One of the reasons for this hearing has been to give the various agencies the opportunity to make the record and tell the committee why such additional extension should be granted.

Unfortunately Mr. Snyder is ill and unable to be here, and Mr. Klagsbrunn, the Deputy Administrator of the Office of War Mobilization and Reconversion, is here to talk to the committee.

Mr. Klagsbrunn, the committee will be very glad to have your statement.

STATEMENT OF HANS. A. KLAGSBRUNN, DEPUTY DIRECTOR, OFFICE OF WAR MOBILIZATION AND RECONVERSION

Mr. KLAGSBRUNN. Mr. Snyder regrets very much that he cannot be here today, because he considers this an extremely important matter. He has this very bad head and chest cold and under the doctor's order, and over his protest, he is laid up. Otherwise he would be here. He has asked me to speak for him.

Senator O'MAHONEY. I know the pressure under which he is working, and the committee will excuse him, and hopes he will get better.

Mr. KLAGSBRUNN. As I said, the bill is extremely important to the administration's program in the reconversion period. I would like to state that at the outset it is the administration's policy to lift controls, as the chairman pointed out very well, just as rapidly as they can possibly be lifted.

To that end each agency is constantly reviewing its operations and its controls, and the Office of War Mobilization and Reconversion is doing it with the agencies.

For example, Mr. Small will be able to testify that his agency and its predecessor—the War Production Board—have reduced their controls from something like 650 to, I think, around 53 at this time.

The rationing programs have been reduced from 13 to only 2 on the books at the present—the sugar program and the tire program.

The War Food Administration has cut its controls in half. Each agency with war powers has diligently, we believe, cut its controls. The Office of Defense Transportation is down to a handful from several thousand.

The chairman gave the over-all figures for the war agencies just a few minutes ago.

However, certain controls are absolutely essential at this time. You cannot, we feel, take a magic date, whether it was VJ-day, or any other, and say from that time on none of the controls are needed any longer. There are two good reasons for that, at least.

In the first place, our Army and Navy are over the world, still. We have occupation forces. We have problems of constantly changing that and modifying it as far as necessary. We have the entire demobilization program, which has reached the peak now of about 50,000 boys brought home a day—a tremendous figure. We have all those war operations still under way.

The second reason is more directly in terms of our domestic economy. The period of unscrambling the dislocations caused by the war economy is, to our mind, the last phase of the war emergency itself.

As I say, there is no magic date, or hundred days after which can be called a complete cut-off date. We believe we are working ourselves out of the war controls and out of the dislocations of the war emergency very quickly. I could recite, if the committee desired, or we could submit later for the record, the vast strides that have been made in matters, say, of physical reconversions, such as plant clearances, contract terminations, settlements of contracts, placement of unemployed, and the like, and the various other phases of reconversion to which this decontrol are mentioned, that is, the elimination of controls is a very important part.

Senator KILGORE. May I ask you a question at that point? Are you finding that there may be possibilities that in some cases where you have lifted controls you might have to put them back again?

Mr. KLAGSBRUNN. That is correct.

Senator KILGORE. I have found several cases where, in the unscrambling process, things that had been thrown out of bounds and balance by the war, and you might have to reimpose controls that have been lifted.

Mr. KLAGSBRUNN. I think that you are quite right, sir. As you say, we are finding new problems arising, new shortages arising, and we will have to reimpose controls.

Another very important factor is the mere power to reimpose controls during the time of delicate balance, perhaps keep that balance from getting out of bounds.

Senator KILGORE. In the steel program, we vastly enlarge the sheet mills. They can be very easily converted into strip mills. Thereby we threw the present war sheet program out of balance as far as the non-integrated plants are concerned. Some of these nonintegrated plants now are unable to get raw material.

You have maybe to have some steel controls reimposed again in order to see that you do not put those plants out of business. While right now they are not needed, 5 years from now some of those non-integrated plants are going to be needed.

Mr. KLAGSBRUNN. That is an example of the kind of thing that might be necessary.

I have tried to indicate the two reasons why we feel the continuation of controls is necessary. One being our entire Army and Navy picture abroad, with occupation forces and demobilization; and the other being actually, as Senator Kilgore pointed out, the need of bal-

ancing our way out of the dislocations that have been caused by the war economy.

By that we are not saying that we want controls to go on indefinitely or on into our domestic peace economy. It is only during the period in which we are correcting the dislocations of war economy.

Senator WHEELER. You are going to have dislocations for a long time.

Mr. KLAGSBRUNN. We will constantly have economic problems.

Senator WHEELER. Dislocations will probably be over a long period of time.

Mr. KLAGSBRUNN. If dislocation controls were necessary for a longer time, it would be for the Government to come up to Congress for those and ask for fresh legislation. It would not be a matter of continuation of a war control.

It is our view, as we have shown, we think, by our own actions in cutting our controls, that we should continue the same process in the elimination of the present controls over a reasonably short period.

Senator WHEELER. I think we should. I do not want to see these controls kept on for any longer period than absolutely necessary. As a result of the war, you are going to have readjustments to make over a long period of time, but people in this country simply do not want to keep these controls on.

Senator O'MAHONEY. There recently came to my attention a case which illustrates the need of maintaining certain controls for certain indefinite periods after the war. What the facts are, of course, I do not know from present knowledge, but from my investigation I am satisfied there is not enough newsprint in the country to satisfy the demands of newspapers, particularly small daily newspapers which do not have the advantages that the metropolitan papers have of acquiring newsprint by purchasing the entire output of respective mills. I find there is not enough newsprint coming in from Canada or from Sweden, pulp enough, to meet the demands. Yet all the metropolitan newspapers in the United States, which have the advantages of large control of supplies, have clamored for the lifting of all controls by the end of the year.

If those controls are lifted, it is my judgment that small papers of the country will not know what is going to hit them. Within 3 months, they will find themselves without a supply of newsprint, and I am fearful that many newspapers will be confronted with the necessity of even sharper rationing of their own supplies than they have followed during the war. If not, with actual suspension of use, suspension of publication, I should say.

The American Newspaper Publishers Association has indicated the desire of voluntary sharing of supplies to keep the newspapers going which are in short supply, but I doubt very much whether any voluntary system of that kind will actually work, because there is no sanction. That is an illustration of what might be necessary.

The experts in your office, Mr. Small, tell me there is not any possibility of our getting an adequate supply of newsprint before the middle of next year, if then.

Are you familiar with that situation?

Mr. SMALL. Quite familiar, Senator. I will agree that with the enormous demand by the papers, by the newspapers, that you cannot meet

that demand by having a loose supply of newsprint probably before the middle of the year.

If you want me to go into that in more detail, I will do it now, or later.

Senator O'MAHONEY. I think it would be better to have you go into it later.

Mr. SMALL. I will be glad to go into it and tell you what the facts are.

Senator O'MAHONEY. I think the committee would be very glad to have that information.

Senator WHEELER. If the newspapers of the country would voluntarily do it, then would not it be much better to let them voluntarily do it than set up controls?

Mr. SMALL. If the Second War Powers Act were in existence and the Civilian Production Administration had this power, which it has today, if we lifted the order and found that the industry could not handle, then we could throw the order back instantly and correct the situation; and in the meantime, I am quite sure, we could prevent newspapers from suspending.

Senator O'MAHONEY. Your position is: Let the industry do as much as it can. But you want to retain the legal authority to provide for the equitable distribution of the supply, if it should be necessary?

Mr. SMALL. That is my feeling about every one of these short things.

Senator KILGORE. I have sworn statements on my desk from people in the steel industry, where the source of supply has been arbitrarily cut off.

Mr. SMALL. We have a mechanism, Senator, that is working very well, whereby the man who suffers such a hardship can come in and we can correct it in that specific case. If we did not have the power, and we did not exercise it in case we needed it, there would be many, many more cases.

Mr. KLAGSBRUNN. I would like to highlight briefly some of the types of control that are imposed under the Second War Powers Act, and we think necessary to continue, to give the committee a bit of the picture of what we are talking about.

One of the most important controls under the Second War Powers Act is the rationing that I referred to a little earlier. At this time we have only 2 out of the 13 controls—tires and sugar. We do not see our way out of the sugar situation very immediately. It is a very tight picture, but rationing would fall without the Second War Powers Act.

Senator WHEELER. I am getting letters from people that do not understand the sugar rationing, when some of the warehouses are filled with sugar.

Mr. KLAGSBRUNN. We can get into that in more detail, I think, with representatives of the Department of Agriculture and the Office of Price Administration. In terms of the long-range picture, it looks exceedingly tight. It may be that those temporary surpluses are seasonal. I am not familiar with that myself. We can explore that a little further.

Senator O'MAHONEY. The fact is that there is apparently no present prospect of any substantial supply from the Philippines. Cuba has suffered a drought, and it will not send in as much as was expected.

Policies with respect to stimulation of the production of beet sugar in the United States have not been working as successfully as was hoped, because support programs and price programs were not announced, for example, in time to get things started in California.

Mr. KLAGSBRUNN. So we have a tight situation there.

Another extremely important function is the bottleneck-breaking priorities. Mr. Small's organization, by issuing priorities sometimes for a single machine, or for a small amount of materials, is able to start an entire company going. Not only is that often the case in critical industries such as construction but for industry generally. It is extremely important in terms of production and giving employment which we are very eager to see stimulated.

Another type of control is inventory control, which we think also a very important one. We saw the last war tremendous building up of inventories, and then, when the price dropped one firm after another bankrupted. Through the inventory controls we hope to keep it on a more even keel; get it spread to as wide a use as possible and avoid the cornering of scarce critical items, which, with normal purchasing method, should not even be scarce but would only become so with the desire to hoard.

Another type of control which we have under the Second War Powers Act are the set-asides for our foreign commitments. We have commitments for the relief and rehabilitation of the devastated countries, and we have commitments in terms of commercial transactions that are being arranged with foreign countries.

The only practicable way of meeting those demands is by set-aside orders which the CPA issues. Without them, there would be a scramble for the market. The goods would not be available at the producer levels without these set-aside orders.

In many of our items we have a great deal of difficulty meeting commitments as it is. Without set-asides, we do not believe we could meet them at all.

The low-cost clothing program relies in large measure on the Second War Powers Act. That is one of the most difficult ones, and constant measure is being taken to improve it. On the whole, it is working; it is getting goods on the market that otherwise would not be there, and it would have to fail if we did not have the Second War Powers Act.

I neglected to mention certain types of materials that we have to import and ration or allocate for important uses, such as tin, rubber, and lead, and there are others in the same category.

As Senator Kilgore pointed out, we, from time to time, have to reimpose orders. A few weeks ago the Office of Defense Transportation had to put in an order with respect to air travel from the west coast to bring boys being landed on the west coast back as quickly as possible, in time for the holidays where possible.

The question of what is necessary for construction, housing construction particularly, the type of controls that should be imposed to stimulate housing construction in the lower-priced category, is under consideration now, and it is a perfect example of the type of thing that we may have to do anew under the War Powers Act.

Senator KILGORE. Let me ask you a question at this point on this building-materials supply. Indications show that there are rather

large inventory stocks, particularly in the hands of the Army and Navy all over the United States, which are not contained in your inventory. A large part of it might be declared surplus, or could be declared surplus. With proper controls in your organization, would it be possible to allocate those supplies to shortage areas with proper price ceilings in order to relieve this situation rather than have the material grabbed up on the ground by some local people and utilized in the areas in which it is located?

I am wondering if that can be done under the War Powers Act as it now stands?

Mr. KLAGSBRUNN. Something on those lines could possibly be done. Our office has been working with Symington, the Surplus Property Administrator, and with the Army and Navy. It has taken two forms. The first has been in effect for about 30 days, and that has been selling small lots of building materials from camps, posts, and depots, in order to complete existing buildings that may be hung up for slight quantities of materials that are lacking. That has been rolling along pretty well.

The second program that we have undertaken—and we have had the full cooperation of the Army and Navy on—has been to declare the property surplus promptly, to send teams consisting of surplus property, RFC, Army, and Navy people into the communities and arrange for spot sales from the depots in amounts above minimum quantities they must keep in stock and try through those sales to meet the construction needs of those communities.

I think, Senator, the point you raise—

Senator KILGORE. The point I raise is that most of these supplies are piled up at the seaboard, because a large part of it was intended for foreign shipment. On VJ-day the foreign shipments stopped. Is there any way to get distribution? I will admit there are shortages in Los Angeles, San Francisco, and San Diego. There are also tremendous shortages in the Middle West, for instance. I am wondering if allocations could be made in some way. Spot sales will only take care of local needs. The first thing you know, spot sales dwindle into speculative sales; and instead of helping the thing, you tend to inflate it.

Mr. KLAGSBRUNN. We will look into that. Our idea has been, first, through the spot sales, to meet critical housing needs on the coast, wherever the materials are.

As you pointed out, we have a very critical housing need on both coasts.

Senator KILGORE. I will give you an illustration of this spot-sale program. In one yard in California there were over 98,000,000 board feet of lumber belonging to the Navy alone. On the spot-sale theory, they declared 2,000,000 feet surplus. Anybody knows that the Navy does not need in that particular area 95,000,000 feet, and probably three-fourths of that could be used to alleviate other areas where lumber is badly needed.

Senator WHEELER. Your War Powers Act does not give you any power to make the Navy release that?

Mr. KLAGSBRUNN. No. It would give power to channel it, once it has been released.

Senator WHEELER. The Navy ought to release that.

Senator KILGORE. That is the first step.

Mr. KLAGSBRUNN. Those are the powers we are speaking about. We feel very strongly that they should be extended for a period of 1 year from December 1, 1945—in short, through the calendar year of 1946.

We have two principal reasons for urging that. The first is simply a factual one—that we are satisfied we are going to need these powers beyond June 30 of next year, and we are not trying to fool ourselves. We feel that we will have our controls greatly cut down by June 30.

We do know that on June 30 that the power of allocation of tight materials, such as tin, rubber, and lead, which I mentioned a moment ago, will be needed. We are satisfied that any controls on construction material for housing will be needed. It is just common sense. We are satisfied that quite a number of inventory controls will be needed. We are satisfied that the set-aside powers for many of our foreign commitments will be needed.

In short, we are sufficiently satisfied that on June 30 these powers cannot be dispensed with, any more than they can be dispensed with today. Although, I repeat, the controls we have outstanding we expect to be greatly reduced.

The second major reason we feel the law should be extended is the problem of enforcement. I think the Government has been very fortunate in having a great deal of voluntary compliance with wartime regulations and must count on a conviction on the part of the country and a will on the part of the people to go along with these controls.

We have compliance divisions, but we expect large-scale voluntary compliance to make them really work.

If the controls were to expire by next June, it would not be long after the first of the year and before there would go up a feeling of: "Well, these controls—their days are numbered; they have been extended only for 6 months. We need not take them too seriously. We can probably forget about them, or we can coast along for a little while, and then they will expire."

Senator KILGORE. Would not there also be a tendency to just hoard stuff up until after the controls did expire in order to do a little skyrocketing?

Mr. KLAGSBRUNN. Exactly. That is a very important part of that problem. We should not fool ourselves.

For that reason, we feel very strongly that in order to be able to carry out these powers that I have outlined very briefly that we believe are very essential to this reconversion job, the extension should be for 1 year. We feel by next fall we can come back and point out much more specifically what we might recommend to be continued, the very thing we cannot do today; or we might come in and indicate that certain controls should be viewed as a permanent matter, and in that case it should be handled by an appropriate legislative committee. We know that we cannot come back in the middle of next spring, say, March or April—which would be about the latest that we could afford to come back, if they are extended merely to June 30—and because of their need and the difficulty of enforcement, and the problem of coasting that you pointed out, Senator Kilgore, we are strongly in favor that the extension be made for 1 year instead of 6 months.

I would be happy to answer any questions that you might have to ask.

Senator WHEELER. As you release these controls, how much are you cutting down in personnel?

Mr. KLAGSBRUNN. Very substantially. We have some figures which were included in the House report.

Senator O'MAHONEY. I was going to suggest that it might be a good idea if a table were prepared which would show the cumulative effect both on orders and on personnel reduction.

The House report which Mr. Klagsbrunn is referring to shows the reduction of personnel with respect to each classification. Perhaps you had better explain that, Mr. Klagsbrunn.

Mr. KLAGSBRUNN. On pages 2 and 3, you will find that personnel has been reduced from 23,000 in February 1943 to less than 11,000 at the end of August 1945 and less than 4,000 on November 1 of this year. The War Production Board estimates that it will have about 400 by June of next year.

Then you have the ODT figures immediately below: From June 1944, a peak of 3,897 to an estimated zero on December 1. That was a little bit optimistic. It is not quite zero, but it is very small right now.

The Department of Agriculture, the personnel administering the orders, had dropped about from 1,000 to 550.

Solid Fuels has reduced from 700 to 650. The reason they have not dropped more is because they are right in the midst of very important activity. They hope to get down to 50 by the end of the coal year.

The Office of Price Administration, which I touched on a moment ago, has decreased and paid employees alone, which are engaged in administering the rationing program, from 27,000 at the time of VJ-day, to 8,900. They are reducing very extensively. Mr. Fields may have some later figures.

Mr. FIELD. The present figures I do not have. The October 31 figure was at a time when meats were being rationed, and now the only programs left are tires and sugar, and I am sure the figure is substantially below that and will be decreasing from now until the end of the year.

Mr. KLAGSBRUNN. We will be following your suggestion and submit a table showing the number of orders and personnel.

Senator WHEELER. How much have you reduced your personnel here in Washington.

Mr. FIELD. The personnel charged with work on rationing programs has been largely eliminated. Our entire food program has dropped out, and the only rationing officials left are those administering tire rationing, the number there being small, and sugar rationing, which is somewhat larger.

Senator WHEELER. How much does your other personnel outside of rationing amount to?

Mr. FIELDS. I would be very glad to get the precise figures on that. There have been considerable reductions. We have closed several of our field offices, and several more are about to be closed. Our personnel is being sharply reduced. I will be very glad to get the precise figures and submit them for the record.

Senator O'MAHONEY. Are there any other questions to be addressed to Mr. Klagsbrunn? If not, Senator Maybank desires to say a word.

Senator, the committee would be very glad to hear you.

STATEMENT OF SENATOR BURNET R. MAYBANK, OF SOUTH CAROLINA

Senator MAYBANK. Mr. Chairman, I have only a word or two to say, and then I would appreciate it if the committee would hear from Dr. Jacobs, who is the president of the Cotton Manufacturers Association, for about 3 minutes.

The substance of it is this: That through these priority orders during the war, orders were issued on the cotton mills in South Carolina to turn over certain goods to be converted in New York, by people in New York, that could have been converted at home. A good many of the cotton manufacturers at home, who own mills, have been to see me, asking me that care and more discretion be used in the issuing of these orders to the converters in New York, because all they do is take the raw goods, or whatever it might be, and move it to New York and convert it, where it could be converted in the mill in South Carolina.

We have no objection—and the cotton mills have no objection—to these orders requiring the mills to move it to New York if the mills cannot convert it. We think the war is over, and with the difficulty in making ends meet in the cotton textile industry today, wherever a local person can do the work he should be permitted to do it.

Senator O'MAHONEY. Do I understand that under these orders the conversion of raw material which could take place where the raw material is manufactured is diverted to another State?

Senator MAYBANK. In some instances to some extent.

Senator O'MAHONEY. To what extent?

Senator MAYBANK. I would prefer to have Dr. Jacobs answer that question, since he is the president of the association.

Senator O'MAHONEY. Mr. Small is head of the CPA and I am sure he would be very glad to be enlightened.

Mr. JACOBS. If you will permit me to make a short statement——

Senator O'MAHONEY. If you prefer to make your statement now, the committee of course would like to hear from you. However, if you wish to make it later, that is satisfactory.

Mr. JACOBS. I do not think it needs to be heard extensively. It will not take but a moment or two. Is that satisfactory?

Senator O'MAHONEY. Yes, indeed.

STATEMENT OF DR. WILLIAM P. JACOBS, PRESIDENT, AMERICAN COTTON MANUFACTURERS ASSOCIATION

Dr. JACOBS. I am appearing as president of the American Cotton Manufacturers Association and in behalf of the southern cotton mills, to call your attention to certain abuses of the priority powers contained in title III of the Second War Powers Act and to recommend an amendment to this act to correct these abuses.

Priority powers contained in title III of the Second War Powers Act are worded as follows:

Whenever the President is satisfied that the fulfillment of requirements for the defense of the United States will result in a shortage in the supply of any material or of any facilities for defense or for private account or for export, the President may allocate such material or facilities in such manner upon such conditions and to such extent as he shall deem necessary or appropriate in the public interests and to promote the national defense.

The southern cotton mills have observed these emergency allocations of the President and have cooperated to the fullest in the prosecution of the war.

Furthermore, they are desirous of cooperating fully in the program of reconversion and it is in the interest of a successful program of reconversion that we appear before you now.

Under the law as it now stands, certain independent converters, particularly in New York, can use and are using their emergency priorities to commandeer unfinished cotton textiles from southern cotton mills which are in position to finish and convert their own goods. In demanding unfinished fabrics instead of finished fabrics one branch of the industry is thus enabled through use of the priority privileges to confiscate for their own benefit certain processes which normally can be and frequently are accomplished by the cotton mills which are the primary processors.

The system of allocations and priorities was authorized by Congress for the purpose of serving emergency needs and was not intended for the purpose of benefiting one segment of the industry at the expense of another.

The manufacturers of unfinished cotton goods have always had the privilege of managing their own business and performing such other functions in the production of cotton cloth as were found desirable and in the public interest. Through the years past many of them have bleached, printed, and finished their own goods or caused them to be done. Many of the mills have acted as their own selling agents, have styled merchandise, advertised, sold, and distributed their own products.

The laws of the United States, even in emergencies, have given American manufacturers such latitudes. The Second War Powers Act was never intended to limit such operations in commerce or to handicap any segment of the industry. Abuse of the priority privilege is serving to delay reconversion.

Allocations, set asides, and special priority orders even when functioning well, have a tendency to create domestic scarcities and continue the danger of inflation. But when such priorities are abused scarcities become even more prevalent and the mills become more severely handicapped in reconversion.

The inadequate ceiling price generally allowed by OPA for so-called gray or unfinished fabrics had come too slow and too seldom to adequately off-set the rapid increase in costs.

The important point in question is the cost of raw cotton which under OPA allowances appears in the fabric cost at parity. This element of cost has stood at the parity figure for a number of months. However, cotton has been selling at considerably higher than parity for a number of weeks and today costs the cotton mill from 1 to 2 cents per pound more than the parity figure allowed by OPA.

I make that statement, Senator, not to condemn the price of cotton. I believe that a high price of cotton is absolutely essential. I merely make the point that the OPA ceilings are slow in reflecting the increases in costs.

As a result of this circumstance a number of the cotton mills are losing money on unfinished goods and they need now, more than at any previous period since the beginning of the war, to finish

and convert their fabrics to secure an adequate margin with which to stay in business.

As long as this inadequate pricing policy of OPA continues it is absolutely necessary therefore, in keeping the cotton mills in operation and in avoiding further unemployment that these abuses of priorities privileges in the Second War Powers Act be prevented.

For this purpose we urgently recommend the following amendment to title III of the act:

Provided, That where finished goods or materials are to be used or sold, such allocations shall not be used or made to operate to deprive any producer who is also an intermediate processor at the right, upon his own election, to complete the processing and finishing of such goods.

Senator O'MAHONEY. May I interrupt you to ask if you would object to an amendment to your amendment, by which there would be inserted at the proper place there "when such manufacturer has the facilities to do so"?

Dr. JACOBS. I would not object to that. I would not object to the facilities or the ability to do it.

Senator O'MAHONEY. Facility, and ability—facility is one thing and ability is another. Facility is a matter of fact. Whether or not he has the ability would be a matter of judgment and I would hesitate to pass on to the OPA the power of passing on anybody's ability.

Dr. JACOBS. I agree with you thoroughly; actual practice of re-conversion frequently does not involve the utilization of facilities.

Senator O'MAHONEY. As it is written now, it might be interpreted to give the manufacturer the power to pile up unexecuted orders, and since production is the over-all objective in any war against inflation, the primary weapon to defeat inflation—if your manufacturer cannot use the raw materials, then you should not object someone else using them. You want to prevent the diversion of these raw materials when you can use them?

Dr. JACOBS. Quite right. I recognize the ability of this committee to draft amendments better than I can.

Senator O'MAHONEY. You are certainly very complimentary to the committee. The committee should rise and acknowledge your compliment.

Dr. JACOBS. Anything that is done merely to prevent the use of emergency war powers for selfish purposes will be entirely satisfactory to us.

This amendment would not affect the use of priority ratings to obtain unfinished goods which are not to be further processed before being used or sold. The amendment would stop the growing abuse of war powers in the priority system by private interests which have been abusing the powers for the purpose of gaining an unfair peacetime competitive advantage.

Senator O'MAHONEY. That is a very important sentence. I am sure the committee would like to have you amplify that. If there is a growing abuse, we would like to know about it.

Dr. JACOBS. There is a growing abuse. It has come particularly to the front since the passage of a new order, or the authorization of a new order known as PR-3, dated November 9, 1945, of the CPA, the wording of which appears to give greater latitude in that direction.

I would like to file a copy of that order with this committee.

Senator O'MAHONEY. What is the effect of that order?

Dr. JACOBS. May I read a portion of the order?

Senator O'MAHONEY. Yes.

Dr. JACOBS (reading):

However, when a person has received a CC rated order for the delivery of textile fabrics (cotton or rayon or wool or that blends) he may extend the CC rating to get the fabric which he will deliver on that order, or the unfinished fabric which he will deliver on it after finishing, subject to applicable inventory restrictions of Civilian Production Administration, as explained in Priorities Regulation 32.

Senator WHEELER. Could you cite a specific example how it works against some particular mill?

Dr. JACOBS. The Springs Cotton Mills, of Lancaster, S. C., have been forced to deliver to a favored converter something like a million yards of cotton textiles unfinished, which they could have delivered just as well finished, and the converter in buying these goods used this priority as the authority for the purchase.

Senator O'MAHONEY. Where was that converted?

Dr. JACOBS. The converter was in New York City.

Senator WHEELER. What do you mean by "favored converter"?

Dr. JACOBS. Favored by the priority.

Senator WHEELER. Favored by the Office of Price Administration?

Dr. JACOBS. Favored by the regulation.

Senator O'MAHONEY. You mean the regulation was so broad that this converter could use it for his own purposes?

Dr. JACOBS. Yes.

Senator O'MAHONEY. You do not mean to imply that the regulation was put in effect for the effect of favoring the converter?

Dr. JACOBS. Definitely not. This would favor any converter.

I might say, Senator, that it is my judgment, since the time schedule is so close, that this committee could very well effectuate this end by appropriate wording in their report rather than by adoption of amendment. I am cognizant of the difficulty of adoption of amendments.

I would like to say, also, that I wrote to Mr. Small a letter on this subject recently. I would like to say in Mr. Small's behalf that while I did not receive a reply, I did receive word that he was out of the city, and has not had an opportunity to reply. So far as I know, Mr. Small is going to give favorable consideration to this problem.

Mr. SMALL. I will certainly give consideration to it.

STATEMENT OF JOHN D. SMALL, ADMINISTRATOR, CIVILIAN PRODUCTION ADMINISTRATION

I think in justice to the committee they should understand the problem. The mills produce fabric. The next step in the process is the so-called conversion, which is the designing of the print, and either doing it themselves or having it done by a printer and dyer, or finisher. In other words, a great many of these converters handle the finances, the purchasing of grey goods, and the cost of the finishing, and they sell it, in turn, to the garment makers.

The priorities which have been issued under this low-cost program have been issued to the man who makes the garment, which is below the cut-off point. In the cases of women's dresses it is \$5.98.

Every one of these basic garments that we protect under the low-cost program we give the maker of the garment the priority which he, in turn, places on the converter.

That converter may be integrated with the mill or he may be an independent. It used to be that the converters that were integrated were a very small proportion of the industry. Today I think possibly more than 50 do their own converting. But the garment maker is the one who is buying the goods and he places his CC rating with the converter of his own election.

That converter places the CC rating, in turn, with the mill to get the grey goods.

Senator O'MAHONEY. What does "CC" stand for, Mr. Small?

Mr. SMALL. We had, during the war period, a priority system based on A's, A-1, and A-2, and then we shifted over into AA-1 and AA-2 system. Then we converted direct military orders into MM and we said, in those cases where we had to use priority powers very sparingly, we would issue CC. We did that so that there would be no possible confusion between the AA's which had permeated through the whole system, and the priorities which we were issuing. In other words, we cleaned house.

Now, the garment maker places his rating with the converter. That converter may be part of the mill, and he may not. That is his choice. What the doctor is saying really is that the mills were wont to integrate and take advantage because of the squeeze that is on them by the OPA prices.

Senator O'MAHONEY. Do I understand you, Mr. Small, that this CC rating is given to the manufacturer of the garment so that that puts within the power of the manufacturer the choice of the converter? So that what you are doing is delegating to the manufacturer of the garment power to take the raw material from the producer who is capable of converting and give it to some other converter; is that what you mean?

Mr. SMALL. That is correct.

Senator O'MAHONEY. What protection do you have against the abuse of that power by a manufacturer? I can see a manufacturer might very well say to a group of converters, "Now, you give me the proper price and I will get you this priority."

Mr. SMALL. I cannot see it is any abuse in permitting a man to buy where he wants to.

Senator O'MAHONEY. That is not the point. The point is you give me the power as a manufacturer of a garment to take the raw material from you and turn over to these other gentlemen and say the one that gives me the best deal I will give the CC order to.

Senator WHEELER. In other words, you are not carrying out the American policy.

Mr. SMALL. This is quite complicated and I must explain it. In the first place, we say that you must set aside and honor 40 percent; 60 percent of your production is free, but you have to honor ratings up to 40 percent. Then we issue ratings to garment manufacturers and converters on condition they sell it on ratings on the basis of their past business. So it is spread evenly and equitably across.

Senator WHEELER. Why should you say in peacetime to a manufacturer that he cannot convert all of his goods if he wants to?

Senator KILGORE. Was this stuff converted by converters before the war?

Mr. SMALL. Yes.

Dr. JACOBS. Partially.

Senator KILGORE. To what extent has the conversion situation been a growth of the war in the mills and not in the converting? I am wondering what the necessity of shipping it to New York, if the mills could convert during the war.

Mr. SMALL. The bulk of the converters have headquarters in New York. The finishing is spread over a lot of States. The mere fact the converter is in New York does not mean the goods go up there for finishing. I suppose some of the mills have headquarters in New York and they finish in South Carolina.

Senator O'MAHONEY. Mr. Small, what puzzles me is this: If OPA maintains a ceiling price, why should it, in addition to ceiling price, give the manufacturer the power of allocating the process of conversion among manufacturers of his choice? If this power of allocation is to be exercised, why should it not be exercised by you rather than by the manufacturer?

It is that delegation of the power of allocation to the manufacturer which does the injury, against which these gentlemen are protesting.

Mr. SMALL. All during the war we have issued priorities. Just to give you a typical example, we give the company who is manufacturing Bofors guns priorities to manufacture Bofors guns. We have not told him to place the order for components to go in Bofors guns. That has been his free choice. He went to any steel company that he wanted to. He went to any parts producer that he wanted to. They, in turn, if they had to buy components, extended their power to whom they wanted. It would be absolutely impossible for us to try to tell every garment manufacturer whom he must buy from.

Senator O'MAHONEY. That is utterly different from this.

Mr. SMALL. No. The integrated converter has the right to get gray goods from his own mills and sell it on the ratings that the independent converter does.

All we are trying to do is to see to it that we get into cheap dresses and cheap clothing and shirts and shorts a proportion of the cotton textiles that are produced. We want to do it the simplest and the easiest way.

Senator WHEELER. As I understood Senator Maybank, there was a mill down in South Carolina doing its own converting, and could do its own converting, and you took that right away from him and turned it over to somebody else.

Mr. SMALL. I am not quite clear on the facts, but we can get the facts. I have an idea that that particular mill you are speaking of wants to convert a greater proportion of its production of gray goods today than it has been doing up to this time.

Senator WHEELER. If he wanted to do it, then, why should he not be permitted?

Mr. SMALL. This particular problem has not arisen in this industry until this moment. No one has complained to us about this particular feature. All of them complain about the set-aside, and the use of the rating.

Senator O'MAHONEY. Let me state again, Mr. Small, the question that is in my mind and to which I would like to have an answer. If OPA maintains a ceiling price on the converted goods, then it seems to me to be perfectly clear that the manufacturer of the garment is protected by that ceiling price and should not be given the additional power of taking away from one converter the right to make the conversion within the ceiling and direct it to some other converter of his own choice. That is the question.

Of course, this priority business is the most difficult of all the problems that have been before this committee.

Senator WHEELER. You have not been able to keep down inflation in women's dress goods, have you?

Mr. SMALL. That is not our function, but it has not been kept down.

Senator WHEELER. It has not been kept down. All the merchants in Montana tell me, for instance, in ladies' dress goods, it has been the greatest inflation. They say it is greater than anything else. They tell me that dresses that used to sell for \$8 are now selling for \$16 and \$18.

Mr. SMALL. That is the purpose of the low-cost clothing program.

Senator WHEELER. You have not accomplished anything by it.

Mr. SMALL. The flowing of this cloth in specific quantities started the 1st of October.

Senator WHEELER. You say it started in October?

Mr. SMALL. That is correct. It is only beginning to work. We are going to get some low-cost garments on the shelves. I know that by reading the ads. I see in the ads \$1.98 dresses.

One condition of granting this priority to the makers of low-cost garments is that they must sell below these low cut-off points. We are beginning to get a trickle of these garments on the shelves. That will grow.

A thing that has been extremely bothersome to us is wool. We produce around 110,000,000 yards of wool and worsted that are adapted to men's suits and children's clothes, and so on. We are flowing 41,000,000 yards out of that production of 110 into men's suits under \$21, and into women's wear under a cut-off point. I think, instead of our priorities bringing 41,000,000 yards into it, that we will get into that category of 50,000,000. I believe the program is going to work out better than we anticipated.

Senator KILGORE. But \$21 is the equivalent of a \$35 suit.

Mr. SMALL. \$21 wholesale. They are not on the shelves today. The veterans are coming back and they have got to have them.

Senator O'MAHONEY. I am sorry you brought up wool at this time because that gets me started.

Mr. SMALL. It is part of this act.

Senator O'MAHONEY. I have just concluded a series of hearings by the Senate Special Committee on Wool, in which one of the principal studies of discussion was the MAP. To make that story short, we were told, and I have had no satisfactory response from OPA as yet, that the maximum average price regulation has the effect of preventing the manufacture of coating; that is to say, the heavy overcoat fabric, and preventing the manufacture of high-grade woollens by driving manufacturers who have the facilities and the labor into the manufacture of lighter fabrics, thereby increasing the supply of

women's fabrics and decreasing the supply of fabric for men's suitings at the very time when the soldiers are coming out of the Army at a very high rate—more than 2,000,000 have already been discharged—making it impossible therefore for the soldiers to buy high-grade woolen suits.

Senator WHEELER. They cannot buy any grade at many places.

Senator O'MAHONEY. That is right. The Federal Trade Commission testified before our committee that all through the United States the consumer now is adhering to the truth-in-fabric law. I should put it this way: That they are taking advantage of the truth-in-fabric law and demanding all wool in purchases whereas, previously, before that law was passed, adulterated garments were always on the shelves.

The Wool Labeling Act, otherwise known as the truth-in-fabric law gave the consumer the opportunity of knowing that he or she is getting a wool garments and has resulted in creating a demand for the use of more wool.

Now, this happens, reducing the amount of high-grade wool being manufactured, at a time not only when soldiers are coming out of the Army and are demanding it, but at a time when consumers are in a better position than ever to purchase such garments, and from the point of view of the wool producers, such a garment—and I think from the point of view of the consumer, too—is a much more economical garment to buy because it lasts so much longer.

But it also comes at a time when the Commodity Credit Corporation is endeavoring to sell millions of pounds of wool.

The report which I have here from the United States Tariff Commission points out that prior to the end of the war—I am reading from a letter by Mr. Gardner M. Youngman, commodity expert—in May 1945, 77 percent of the total output was for Government clothes, as compared with 26 percent a year earlier. Now the Government demand is down. The civilian demand is up, and MAP does not permit the manufacturers who are equipped to produce the all-wool garments to do so. It is a very serious question.

I do not want to get into wool or into priorities at this time. I wanted to discuss these items as they come along.

Senator WHEELER. I understand that many of the New England mills are in exactly the same position as some of these southern mills. In other words, the manufacturer can pick anyone he wants to, to convert.

Mr. SMALL. It has not been my understanding that this application of this mechanism to get low-cost garments has resulted in the integrated mill suffering or doing any lesser portion of its business of conversion. If that has happened, it is something new to me. We will look into it.

We have the doctor's letter, no doubt, and we will look into it, and if there are any inequities, we will correct them.

Senator MAYBANK. I would like to say this off the record.

(Discussion off the record.)

Senator O'MAHONEY. Back on the record.

Dr. JACOBS. People have taken advantage of this opportunity.

Senator O'MAHONEY. Now, the statement that you make is that this order permits a foreign converter to take orders away from a domestic

converter by exercising the power of allocation which Congress, in the War Powers Act, delegated to the Government authority?

Dr. JACOBS. That is correct.

Senator MAYBANK. I know the goods have gone.

Senator O'MAHONEY. That is certainly something that deserves a very close study.

Mr. SMALL. That is right.

Dr. JACOBS. I would like to add this statement in connection with the Springs Cotton Mills.

They were converting a considerable proportion of their goods before the war and during the war, as well as trying to do it now, but the filing of these special priorities against them has deterred them in a decision which they made to build a finishing plant of their own, a finishing plant in which they expected to invest over \$3,000,000 in the State of South Carolina.

Senator O'MAHONEY. In other words, you are saying that this is a deterrent to reconversion in South Carolina?

Dr. JACOBS. Directly, as a result of these priorities. They have held up on the building of that finishing plant.

Senator O'MAHONEY. The committee is very glad to have had that statement from you.

If the committee has no objection, the committee will proceed to title I. If you will be good enough to attend the meetings, the opportunity will be presented to you again to state your point of view.

Dr. JACOBS. Do you mean your hearings?

Senator O'MAHONEY. Yes. These are public hearings.

(The following are excerpts from letters dated December 4 and 5, addressed to Hon. J. D. Small, Civilian Production Administrator, by William P. Jacobs, president, American Cotton Manufacturers Association:)

This association, representing and speaking for more than three-fourths of the production of cotton textile yarns and fabrics in the United States, hereby respectfully requests the following changes in the priorities system as applied to this industry:

1. Modification of MM and CC ratings to permit integrated mills to follow their historical and normal business practices. More specifically, such mills should be permitted, upon their own election, to process, finish, and convert their own goods. This has been their custom and privilege in the past, and no valid reason occurs why it should be changed now.

2. Total elimination of CC ratings and set-asides for goods to be exported.

MODIFICATION OF MM AND CC RATINGS

This request is based upon our belief that war powers should not be exercised to confer a peacetime competitive advantage upon any segment of the industry. As you know, under the existing regulations independent converters can and do abuse the privilege of MM and CC ratings to acquire gray goods from southern mills which are in a position to process, finish, and convert such goods. The result is that such integrated mills are deprived of the legitimate profit arising from this phase of manufacture and without any increase whatever in over-all efficiency or benefit to the ultimate consumer. Indeed, in the last-named connection, we believe the consumer is substantially penalized by the regulation as it now stands. OPA price ceilings for textiles have been so inadequate and so late in covering the rapid increases in costs that southern mills generally have been forced to engage in the finishing and converting of their own goods more extensively to stay in business.

ELIMINATION OF PRIORITIES FOR EXPORTS

The Second War Powers Act, as its title implies, is clearly a wartime measure. It was approved several months after Pearl Harbor and was enacted for the purpose—and the sole purpose—of enabling the United States more effectively to prosecute the war against the Axis Powers.

Under the allocation and priority authorization contained in title III of this act, billions of dollars' worth of goods of all kind, including cotton textiles, were furnished—and properly furnished—our allies during the war years. As we say, this was both necessary and proper and, we believe, in entire accord with the intent of Congress in granting these enormous powers over the civilian economy of the United States.

Now, however, the war is happily over. It has been over in fact since VJ-day and while it seems probable that Congress will extend the Second War Powers Act for another 6 months, clearly its provisions should not be used for purposes wholly unrelated to the purposes it was originally designed to serve. I refer in this instance to the matter of our peacetime foreign trade.

The southern cotton textile industry of course wants to maintain, and in no great time will need further to develop foreign markets. However, it is also keenly aware of its obligation to American consumers of its products, some of which, currently, are in desperately short supply. It further recognizes the inflationary pressures generated by these shortages. Moreover—and again viewing the matter from the standpoint of this industry's interest in a healthy and expanding foreign trade—we believe that in the long run this objective will be best served by the removal of artificial controls, including the use of CC ratings, to divert American production into unnatural, uneconomic, and, at best, temporary channels.

Canada is a case in point. Pursuant to the Hyde Park agreement, this country undertook to supply Canada with much of the textiles which prior to the war came principally from Great Britain. However, of late, with the war at an end, Canadian textile interests are abusing the privilege accorded them by continuing to demand large quantities of textiles. These shipments not only deprive our American consumers of vitally needed goods, but the Canadian interests have insisted upon unfinished textiles in order that their own plants may finish them at a profit. This has jeopardized our finishing industry and we see no excuse for continuing a situation which however much it may profit interests outside this country, injures both American industry and our entire domestic economy. In any case, this industry feels that, with the war over, war powers cannot properly or lawfully be used as an instrument of peacetime economic policy.

(Letter dated December 5). Referring to my letter of the 4th, it has been suggested that paragraph No. 1 is not entirely clear. Our intention was and is to request modification of such MM and CC ratings to permit all mills, upon their own election, to process, finish, and convert their own goods.

In conclusion we wish to record our conviction that the most effective safeguard against inflation is full production and that this may be most quickly and surely attained by removal of all wartime controls.

FURTHER STATEMENT BY MR. KLAGSBRUNN

Senator O'MAHONEY. Title I, Mr. Klagsbrunn, deals with the emergency powers of the Interstate Commerce Commission over motor and water carriers. Is there anyone here to talk about that?

Mr. KLAGSBRUNN. I believe not. Let me comment on it very briefly.

That is a power that we might link in the discussion with title V, because both of them are very important for transportation during this period of demobilization.

Senator O'MAHONEY. Title V being the waiver.

Mr. KLAGSBRUNN. Title I being the pooling of equipment for facilities and services in transportation, and V being the waiver of navigation and inspection laws.

As to title II, which is acquisition and disposition of property, the power to seize real property is no longer necessary under this title. It provided a very quick way of acquiring property, which is very important for war purposes. The existing condemnation statutes in permanent legislation are sufficient for Government purposes today. But the power to dispose is still urgently needed because they affect properties which can be made available, say, on short term lease, such a farm lands laying around large Government-owned TNT or shell-loading or bag-loading plants, properties that can be put to immediate use while the decision is made as to the permitted need for the facilities, which, in turn, will depend in part on the decision as to the postwar size of the Army and Navy.

Unless a flexible provision is continued, that land which can go to profitable use would have to be frozen into idleness.

Senator O'MAHONEY. If the purpose is to extend the power of the disposal, let me ask what is the effect of that extension on the Surplus Property Act?

Mr. KLAGSBRUNN. It is simply a power to dispose, which is carried on in conformity with the Surplus Property Administration's views and any lease arrangements that have been made under this act are made after consultation with the RFC.

Senator O'MAHONEY. This would not in any way impair the power of the Surplus Property Administrator to lay down over-all policies with respect to disposal of property?

Mr. KLAGSBRUNN. I would not. It permits short-term disposition of nonsurplus property, but in conformity with the policies of the Surplus Property Administration. There has been no independent disposition, either ignoring or contrary to the Surplus Property Administration undertaken under title II.

Senator O'MAHONEY. Let me call your attention to the fact that title II, which is an amendment of the act of July 2, 1917, on page 8, of the House report, in the second paragraph, expressly gives to the Secretary of War, the Secretary of the Navy, or any other officer, the right to acquire by purchase, donation, or other means of transfer, and by condemnation, any real property. But section 202 which appears in H. R. 4780 refers only to property. Do you think the word "real" should be inserted? You are dealing with real property, are you not?

Mr. KLAGSBRUNN. We will give that consideration.

That covers, briefly, title II, except this question which we will go into later, Senator.

Senator O'MAHONEY. My understanding is that as far as title II is concerned, continuation is desired only to extend the disposal features of the War Powers Act, and you have no objection to the amendment which was inserted by the House, taking away the authority to seize property without condemnation?

Mr. KLAGSBRUNN. That is correct.

Senator O'MAHONEY. What about the power to condemn? That is merely an existing right which you think should not be impaired?

Mr. KLAGSBRUNN. The right to condemn under existing permanent legislation should not be impaired. That has nothing to do with this legislation. The House act repealed the right, as provided in the War Powers Act. We have no objection to that repeal.

Senator WHEELER. Because you have the general powers to condemn any property that the Government feels is necessary for its beneficial use?

Mr. KLAGSBRUNN. That is correct.

Senator O'MAHONEY. Now with respect to title V. You said that is tied in with title I. You want to comment on that?

Mr. KLAGSBRUNN. Nothing than to say that it is under this title that many ships are being used to bring the boys back. The Army and Navy Regulations provide the necessary safety requirements, but the technical peacetime inspection laws would make it impossible to use many of the vessels that are now needed.

Senator O'MAHONEY. That brings us to title III. Shall we discuss that, Mr. Small, or discuss title IV?

Mr. SMALL. Whichever you prefer.

Senator O'MAHONEY. I think title III is going to be a pretty large discussion. It may be Mr. Ransom can kill title IV before the noon recess.

STATEMENT OF RONALD RANSOM, VICE CHAIRMAN, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. RANSOM. Senator, how long a statement do you want?

Senator O'MAHONEY. The committee may have some questions to ask of you.

My understanding is that the new system has operated very successfully and has been an essential power, because it has given the Treasury the opportunity of securing funds in order to meet the refunding obligations and certain expenses, and that it is the feeling of both the Treasury and the Federal Reserve Board that this power should continue for a year after the war.

My understanding is that you have the authority to purchase up to \$5,000,000,000 of Treasury securities in that manner.

It is my understanding, also, that the total amount so purchased never at any time exceeded something like \$1,320,000,000.

Mr. RANSOM. Yes. In the War Powers Act of 1942 the right to buy with a limitation of 5 billion was granted, and it is that power that we are asking be extended.

There is not any essential difference in buying direct and buying through a bond dealer except to buy them from a bond dealer you pay the bond dealer a commission on the transaction. We really think it would be better if we had unlimited authority and these qualifications were not added.

Senator WHEELER. Who are the bond dealers?

Mr. RANSOM. They are a small group of bond dealers in New York. There are some 15 or 16.

Senator WHEELER. Who are they?

Mr. RANSOM. Salomon Bros. & Hutzler. Devine, Childs, Discount Corporation—I cannot name them offhand, two or three banking concerns that have bond affiliates.

Senator WHEELER. What concerns?

Mr. RANSOM. First National, Boston; Gurantaty, New York; Continental, Chicago; and others have such affiliates. But the only differ-

ence in our purchasing through bond dealers is that we pay the bond dealer a commission.

Senator WHEELER. When they amended it, it was for the benefit of the bond people?

Mr. RANSOM. I would not put it that way. It was probably due to the revolutionary aspect of the Banking Act of 1935.

Senator O'MAHONEY. At the time that this power was granted in the War Powers Act there was some criticism on the ground that it was an inflationary provision.

Mr. RANSOM. That I can never understand, Senator, because there is not any difference in buying through a bond dealer and buying direct from the Treasury. The open market operations can only be conducted in regard to the—

Senator O'MAHONEY. (interposing). I think there is this difference. If you buy through a dealer you have got to come to an agreement with that dealer with respect to price, but if the Federal Reserve buys from the Treasury, I take it the Federal Reserve is not holding up the Treasury.

Mr. RANSOM. It is not holding up the Treasury, nor does it come to an agreement with the dealer.

A bid is put in. It is a rather a camouflaging process for a central bank to have to buy through a dealer.

Senator O'MAHONEY. Do you bid?

Mr. RANSOM. Yes; we put in a bid.

Senator O'MAHONEY. When you buy from the Treasury, do you bid?

Mr. RANSOM. Yes; we have to bid then because the price has to be satisfactory to the Treasury. The same situation would exist in dealing through a bond dealer. A bond dealer cannot buy from the Treasury unless the Treasury is selling.

Senator O'MAHONEY. Has there been any variation in the price you have paid to the Treasury for its securities?

Mr. RANSOM. And the price we pay the bond dealers?

Senator O'MAHONEY. The price you have paid the Treasury for its securities in the transactions which have taken place as the result of this provision?

Mr. RANSOM. No.

Senator O'MAHONEY. There has been no variation?

Mr. RANSOM. The variation is the then quoted price of the then short-term Government securities which we are buying. The short-term security, as you know, is issued on a discount base and we have to conform to the price at which the Treasury is willing to sell.

Senator O'MAHONEY. That is exactly my point. You conform to the price which the Treasury fixes; is that not right?

Mr. RANSOM. Would it not be true if we were buying the same securities?

Senator O'MAHONEY. We will get to the other one later on. Let us get the first one straight. Is it not a fact that the Federal Reserve Board has always conformed to the Treasury price?

Mr. RANSOM. I would say yes.

Senator O'MAHONEY. If instead of purchasing these securities directly from the Treasury, you were purchasing them in open market, would you always conform to the price fixed by the dealer?

Mr. RANSOM. We would have to conform to the price at which the Treasury would be willing to sell these securities or the dealer could not buy them for our account.

Senator WHEELER. You would have to pay what the Treasury asks, plus the commission to the bond dealer?

Mr. RANSOM. That is right.

Senator WHEELER. So the only difference in buying is the fact you give the bond dealer a commission; is that correct?

Mr. RANSOM. Yes. There might be some psychological objection to the central bank buying direct from the Treasury or from any government, but in practice it does not work out that way.

Senator O'MAHONEY. When you are buying from a bond dealer under the old law of 1935, but you are dealing in securities of the tremendous face value of those that are now the subject of the transactions, the fees and commissions to the dealer would be tremendous, would they not?

Mr. RANSOM. No; they are not tremendous. The commission is a small one, but the total of all of these commissions would amount to a right substantial amount.

Senator O'MAHONEY. That is what I am talking about. Then the answer is "Yes" and not "No"?

Mr. RANSOM. Yes; I did not understand your question.

Senator O'MAHONEY. I said because of the tremendous magnitude of the security, the volume, the face value, then even a low rate of commission would mean a substantial payment of public funds for the privilege of buying from a dealer when that commission could be saved by buying direct from the Treasury?

Senator WHEELER. Why was it claimed it would be inflationary?

Mr. RANSOM. I never understood it at all. I think we are apt to overlook one point that is involved. By having this power to buy direct, it would enable the Treasury to operate on a very much smaller cash balance and thereby save a substantial amount in the interest payments that have to result from an idle balance in the Treasury.

Senator WHEELER. In other words, they wanted to have a large balance in order that the banks could profit?

Mr. RANSOM. I do not know that the banks would necessarily profit so much from that.

Senator WHEELER. Somebody would, if they held the securities.

Mr. RANSOM. Yes; if the Treasury has an idle balance of cash, somebody is receiving interest.

Senator WHEELER. Somebody is paying and somebody is receiving it.

Senator O'MAHONEY. May I call your attention, Mr. Ransom, to the statement on page 38 of the House Hearings entitled "Holdings of the Federal Reserve banks of special short-term Treasury certificates purchased directly from the Treasury since March 1942"?

Mr. RANSOM. I introduced that statement.

Senator O'MAHONEY. That is a correct statement?

Mr. RANSOM. Yes.

Senator O'MAHONEY. I would like to insert it at this point.

(The statement referred to is as follows:)

Holdings by the Federal Reserve banks of special short-term Treasury certificates purchased directly from the Treasury since March 1942

[In millions of dollars]

Date	Amount	Date	Amount	Date	Amount
1942—June 16.....	58	1943—Mar. 4.....	174	1943—Mar. 26.....	384
June 19.....	70	Mar. 5.....	254	Mar. 27.....	203
June 20.....	47	Mar. 6.....	543	Mar. 29.....	104
June 22.....	34	Mar. 8.....	591	Mar. 30.....	40
June 23.....	94	Mar. 9.....	648	June 15.....	805
Sept. 15.....	324	Mar. 10.....	632	June 16.....	659
Sept. 16.....	189	Mar. 11.....	790	June 17.....	350
Sept. 17.....	286	Mar. 12.....	940	June 18.....	256
Sept. 18.....	76	Mar. 13.....	1,043	June 19.....	212
Sept. 19.....	53	Mar. 15.....	1,302	Sept. 8.....	11
Nov. 27.....	139	Mar. 16.....	1,250	Sept. 9.....	126
Nov. 28.....	329	Mar. 17.....	981	Sept. 10.....	243
Nov. 30.....	422	Mar. 18.....	836	Sept. 11.....	246
Dec. 1.....	98	Mar. 19.....	778	Sept. 13.....	214
Dec. 10.....	16	Mar. 20.....	768	Sept. 14.....	179
Dec. 15.....	145	Mar. 22.....	603	Sept. 15.....	424
1943—Jan. 29.....	115	Mar. 23.....	700	Sept. 16.....	258
Jan. 30.....	202	Mar. 24.....	512	1945—Mar. 15.....	4
Mar. 2.....	3	Mar. 25.....	432		

MR. RANSOM. I would like to offer this explanation. While it appears to be a great many transactions, there are not as many as indicated, because only when the Treasury needs some additional cash and tax collections are not coming up to calculations, in only those cases was this power used.

SENATOR O'MAHONEY. Let me ask you, Mr. Ransom, what if any effect upon this power the recent reduction of the percentage of bank reserves has?

MR. RANSOM. I should not think it would have any. What do you mean—the recent reduction?

SENATOR O'MAHONEY. The law that was passed recently, reducing the percentage of reserves?

MR. RANSOM. We have put the reserves up about as high as we can under existing law to prevent inflation insofar as that would.

SENATOR O'MAHONEY. When the existing law was changed, the percentage was materially reduced, the gold reserve——

MR. RANSOM. How that would affect?

SENATOR O'MAHONEY. I am asking you.

MR. RANSOM. I do not see any.

SENATOR O'MAHONEY. The question was suggested to me by a member of the Banking and Currency Committee who is also a member of this committee, who felt he would like to have you make some comment on that.

MR. RANDOLPH. I do not see how it would be affected.

I would like, however, to hold that open.

SENATOR O'MAHONEY. You may.

Another question he asked me to direct to you had to do with whether or not the proposed loan to Great Britain would have any effect on this, or this have any effect upon the loan?

MR. RANSOM. I do not see any effect it would have.

SENATOR O'MAHONEY. Would you be good enough to consider those two questions?

Mr. RANSOM. Yes, indeed; and put the answer in writing, if I may.

Senator O'MAHONEY. Are there any other questions?

Senator WHEELER. What proportion of the indebtedness of the United States is callable within the next year?

Mr. RANSOM. I will put that statement in.

(The statement referred to is as follows:)

Maturity distribution of U. S. Government direct debt, Nov. 30, 1945

	Callable	Maturing		Callable	Maturing
Marketable:			Marketable—Con.		
1945.....	\$10,700,000,000	\$10,700,000,000	1966.....	\$3,500,000,000	\$1,500,000,000
1946.....	57,700,000,000	55,800,000,000	1967.....	12,400,000,000	2,100,000,000
1947.....	7,800,000,000	7,100,000,000	1968.....		2,800,000,000
1948.....	10,200,000,000	8,300,000,000	1969.....		7,600,000,000
1949.....	6,700,000,000	800,000,000	1970.....		5,200,000,000
1950.....	10,700,000,000	4,300,000,000	1971.....		3,500,000,000
1951.....	12,000,000,000	5,600,000,000	1972.....		12,400,000,000
1952.....	17,000,000,000	9,400,000,000	Total.....	185,100,000,000	185,100,000,000
1953.....	800,000,000	10,900,000,000	Nonmarketable:		
1954.....	700,000,000	17,200,000,000	Savings bonds.....	47,500,000,000	47,500,000,000
1955.....	2,600,000,000	3,500,000,000	Savings notes.....	9,100,000,000	9,100,000,000
1956.....	6,300,000,000	700,000,000	Depository bonds.....	500,000,000	500,000,000
1957.....			Special issues.....	20,700,000,000	20,700,000,000
1958.....	900,000,000	1,400,000,000	Noninterest-bearing.....	2,500,000,000	2,500,000,000
1959.....	5,900,000,000	4,800,000,000	Total gross direct debt.....	265,300,000,000	265,300,000,000
1960.....	1,500,000,000	2,600,000,000			
1961.....					
1962.....	2,100,000,000	5,900,000,000			
1963.....	2,800,000,000	900,000,000			
1964.....	7,600,000,000				
1965.....	5,200,000,000				

EXTENSION OF AUTHORITY FOR FEDERAL RESERVE BANKS TO PURCHASE GOVERNMENT SECURITIES DIRECTLY FROM THE UNITED STATES

Title IV of the Second War Powers Act authorizes the Federal Reserve banks to purchase directly from the Treasury obligations of the United States, with the proviso that the amount held at any one time shall not exceed \$5,000,000,000. It should be noted that purchases and sales of Government obligations can be made by the Federal Reserve banks either in the open market or directly from the Treasury only by direction of the Federal Open Market Committee, which consists of the members of the Board of Governors and of five representatives of the Federal Reserve banks. The guiding principle for open-market operations is stated in the law in the following language: "The time, character, and volume of all such purchases and sales shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country."

The authority for direct purchases (which expires on December 31, 1945) should be extended for the following reasons, among others:

1. Treasury transactions unavoidably will have to be large for some time to come, particularly in connection with the refunding of the Government debt.

2. The direct buying authority provides the Treasury with a source to which it can turn for funds in substantial amount on little notice to meet temporary situations and contingencies that might arise in the uncertain postwar period.

3. In the absence of this power for use in such cases the Treasury would be obliged to make arrangements by which its securities would be sold to dealers in the market with the assurance that they would be repurchased by the Reserve banks. This procedure not only would be inconvenient and troublesome but would increase the expense of the operation without serving any useful purpose.

4. It is a flexible mechanism to ease the money market in periods of heavy drain, as for example around income-tax dates. By borrowing from the Federal Reserve banks and expending those funds prior to tax dates the Treasury puts funds into the market; as the taxes are received these special borrowings are reduced in amount and soon retired.

5. It avoids the necessity of having the Treasury offer Government obligations for sale on the open market at a time when the market might be uncertain and an additional public offering might add to the confusion of the market and do harm to the Government's credit and to the holders of outstanding Government obligations.

6. Such purchases have been made principally to avoid temporary declines in member bank reserves around income-tax dates and to supply funds to the Treasury pending receipts from taxes or new issues of securities.

7. The Treasury can operate with a smaller cash balance than might be necessary if it were required to carry a balance sufficient to provide for all possible contingencies, thus effecting an interest saving to the Treasury.

Since this act was approved on March 27, 1942, it has only been used occasionally and for brief periods.

During Mr. Ransom's testimony Senator O'Mahoney asked two questions about how the extension of this authority would affect the recent reduction in the gold reserve and also whether the extension had anything to do with the proposed loan to Great Britain. Mr. Ransom replied that he did not see that either would be affected, but the suggestion was made that these questions be held open for further consideration.

Mr. Ransom now replies that on further study of both questions the answer is that the power asked for would have no significant effect in either case and that such effect as it may have would be minor and indirect.

STATEMENT OF THOMAS J. LYNCH, ASSISTANT GENERAL COUNSEL, TREASURY DEPARTMENT

Mr. LYNCH. I ask merely that the letter from the Acting Secretary of the Treasury addressed to the chairman of the House Judiciary Committee, which is found at page 130 of the hearings before the House committee, be made a part of the record.

Senator O'MAHONEY. It will be made a part of the record at this point.

(The matter referred to is as follows:)

TREASURY DEPARTMENT,

Washington, D. C., October 31, 1945.

HON. HATTON W. SUMNERS,

Chairman, Committee on the Judiciary,

House of Representatives, Washington 35, D. C.

MY DEAR MR. CHARMAN: Reference is made to the proposal to extend certain titles of the Second War Powers Act, which is understood to be pending before your committee. The Treasury Department desires to comment on, and in some cases to recommend the extension of, several of the titles of that act.

Title IV authorizes the several Federal Reserve banks to hold United States securities purchased directly from the Treasury in an amount not exceeding \$5,000,000,000 at any one time. This power is one of the instruments in the possession of the Federal Reserve authorities for maintaining member bank reserve balances during short periods of large Treasury receipts from taxation, or from borrowing not paid by war loan account. While it is not the only power available to the Federal Reserve authorities for use on such occasions, it is in some respects the most flexible and is, therefore, a useful weapon in their armory. It has been availed of on several occasions during the war period. During each of these occasions, the balance in the Treasury has greatly exceeded the amount of directly purchased obligations held by the Federal Reserve banks. Its use, therefore, has been that of assisting in the maintenance of smooth money market conditions, rather than that of facilitating Treasury financing per se. The Department is informed that the extension of this authority for an additional year has been recommended by the Board of Governors of the Federal Reserve System. Such extension is considered desirable in order to facilitate the transition in the national finances from a wartime to a peacetime basis.

Title V authorizes the waiver of navigation and vessel-inspection laws in certain cases. Under the authority of this title, the Secretary of the Treasury has from time to time issued orders waiving compliance with certain provisions

of the navigation laws. Approximately 73 such orders are outstanding at the present time. The majority of the orders were issued at the request of the War and Navy Departments or upon the recommendation of the Office of Defense Transportation, War Shipping Administration, United States Maritime Commission, Department of Interior, Office of the Coordinator of Fisheries, and the State Department. A few orders have been issued by the Secretary of the Treasury upon his own initiative. It is understood that continuation of the authority until December 31, 1946, has been urged by the War and Navy Departments to facilitate the return of men and material from overseas. The Treasury Department would have no objection to such extension of title V.

Title XI authorizes the Secretary of the Treasury to accept any gifts of money, property, or services on condition that it be used for a particular war purpose. Under this authority the Secretary of the Treasury has accepted 1,725,000,000 francs from the French Government for the purpose of improving the purchasing power of American military personnel in France. This currency is being distributed at the rate of 850 francs (the equivalent of \$17 per month) to military personnel regularly stationed in France; and to those in transit, on temporary assignment, or furlough, 850 francs are paid upon their entry into France. The continuation of this program under an agreement with the French Government depends upon the authority of the Secretary of the Treasury to receive additional francs for this purpose from the French Government. While the War and Navy Departments are primarily concerned, the Treasury Department has cooperated in making this agreement with the French and believed it is desirable for the program to continue beyond December 31, 1945. Accordingly, the Department recommends the extension of title XI for an additional year, at least for the purpose of permitting the continuation of this agreement with the French Government.

Although title XII contains no expiration date, the provisions thereof requiring the coinage of a 5-cent piece of a specific content expire on December 31, 1946. Under this title, the 5-cent piece now being manufactured consists of an alloy of 56 percent copper, 35 percent silver, and 9 percent manganese. That alloy was adopted in order to conserve nickel and copper during the war. Since the restrictions on both copper and nickel have recently been raised, the Department favors a return to the alloy of 75 percent copper and 25 percent nickel provided by the permanent law which title XII in effect suspended until December 31, 1946. It is recommended, therefore that the requirement of title XII with respect to the content of the 5-cent piece be terminated as of December 31, 1945. That termination date, rather than an earlier one, would give the mints time to acquire new stocks of material and prevent complexities that arise when two coins of the same denomination but of a different composition are coined during any one year. Coins of different alloys must be segregated for the purposes of melting and recoinage and if two such coins are struck the same year, the segregation would cause enormous administrative and other difficulties. It should be emphasized, however, that complete repeal of title XII is not recommended because of the necessity of continuing in effect its provisions for the redemption of the 5-cent pieces already coined and their recoinage into subsidiary silver coins. That process will undoubtedly continue for many years. The termination of further coinage which is recommended can be accomplished by substituting 1945 for 1946 wherever it appears in title XII, thus leaving the title itself intact.

Very truly yours,

D. W. BELL,

Acting Secretary of the Treasury.

Senator O'MAHONEY. Please tell the committee the substance of the letter.

Mr. LYNCH. The substance of the letter is that the Treasury Department joins in the recommendation of the Federal Reserve Board for the extension of this title IV, and briefly states its reasons for recommending the extension.

Senator O'MAHONEY. The important question here is whether or not a 6-month extension is sufficient from the point of view of the Treasury and the Federal Reserve Board, or whether it ought to be a year's extension.

Mr. RANSOM. We would greatly prefer a year's extension.

Senator O'MAHONEY. That is the view of the Treasury, also?

Mr. LYNCH. Yes, sir. Although I should say that the purpose in asking for extension is so there would be time to consider making permanent legislation. It may be that 6 months would accomplish that purpose, although I think it would be more comfortable with 1 year.

Senator O'MAHONEY. The Treasury takes the position that this should be permanent power?

Mr. LYNCH. Should have opportunity to bring it before a committee dealing with permanent legislation of this sort.

Senator O'MAHONEY. You would want to recommend to the Congress the permanent extension of this power?

Mr. RANSOM. We would join in that.

Senator O'MAHONEY. Are there any other questions on this point? It is now a quarter of 1. What is your disposition, Mr. Klagsbrunn? Shall we proceed until 1 o'clock and then go over to 2:30?

Mr. KLAGSBRUNN. We are at your disposal.

Senator O'MAHONEY. It seems to me that there are several items which can be handled quickly.

Mr. RANSOM. May I have your permission to put a lengthy statement in the record?

Senator O'MAHONEY. Yes.

(The statement referred to is printed above, at end of Mr. Ransom's testimony.)

FURTHER STATEMENT BY MR. KLAGSBRUNN.

Mr. KLAGSBRUNN. Title II, Mr. Chairman, the question you raised as to whether "real" should be inserted, I believe it should remain "property" because that section 2 speaks about seizing real property or enters therein together with any personal property located thereon, or used therewith. It should be that power to seize that is killed. If we put in the word "real" it would narrow the repealing.

Title VI, no action is needed.

Title VII, we urge that it be continued for a period of a year. That is the section dealing with political activity of employees serving part time or without compensation or on a nominal compensation. It affects particularly employees on ration boards and selective service boards.

Senator O'MAHONEY. That is exemption from the Hatch Act?

Mr. KLAGSBRUNN. Yes.

Senator O'MAHONEY. I do not think there will be much objection to that.

Mr. KLAGSBRUNN. Title VIII has already expired; no action is needed on that score.

Title IX, actually no objection would be necessary since that has been incorporated in permanent legislation, but in the interest of neatness, we have recommended that it be repealed, and that was the action the House took.

Title X is also permanent legislation. No action here is required.

Title XI is the one dealing with the acceptance of conditional gifts in the furtherance of the war program. It has been our recommendation that it be continued but limited to acceptance by members of

the armed forces. The principal use there is to cover donations that the French Government has been making of francs to our soldiers there in view of the unfavorable rate of exchange. It has given them a chance to maintain their purchasing power. For that limited purpose, namely, as donations to members of the armed forces, we ask for its extension.

Senator O'MAHONEY. And you want an extension for a year?

Mr. KLAGSBRUNN. For a year.

Senator O'MAHONEY. Until December 31, 1946?

Mr. KLAGSBRUNN. That is correct.

Senator O'MAHONEY. You see no prospect of the end of occupation in Europe by next June?

Mr. KLAGSBRUNN. I do not.

Title XII, we have joined in the recommendation of the Treasury Department to change the date on the coinage of 5-cent pieces to December 31, 1945. In the law it was actually the 1946 date. That, as the chairman pointed out, is based on the fact that nickel is now available so we can make nickels out of nickel, and the Treasury no longer requires the permission to make 5-cent pieces out of copper and silver.

Title XIII is permanent in its nature and no objection here is required.

Title XIV, it is the request that it be extended again for a year. That deals with the making of information in the Census Department available to some of the Government agencies such as the OPA, the CPA, and others. We have found that power extremely useful in the work of our staff and the staffs of the agencies in preparing notes as to the statistics on what we have just gone through, and what is likely to be immediately ahead, as to what steps must be taken in reconversion, and so forth.

We feel it is a power that we will need during the coming year and we ask that it be extended for the full year.

That completes all the titles, with the exception of title III.

Senator O'MAHONEY. Suppose we allow title III to go until this afternoon, and it may be that Mr. Small can handle that and your presence will not be necessary unless you desire to be here.

Mr. KLAGSBRUNN. In my opening statement, I covered primarily title III as being in many ways the most important. I have a number of appointments which I have shoved aside since this is the important part. If I can be excused, I will avail myself of that.

Senator O'MAHONEY. I think the committee will be glad to excuse you. We will call you if it is necessary.

OFFICE OF WAR MOBILIZATION AND RECONVERSION,
Washington, D. C., December 11, 1945.

HON. PAT McCARRAN,

Senate Judiciary Committee, United States Senate.

MY DEAR SENATOR McCARRAN: At the hearing before the Judiciary Committee yesterday on extension of the Second War Powers Act, I promised to give you some information as to reduction in controls and employment by the chief agencies exercising powers under title III of the Second War Powers Act. I enclose herewith a brief chart showing the number of controls and the number of employees administering them at the peak for the five chief agencies involved, together with the corresponding figures for December 1.

You will understand that where an agency is exercising powers under title III of the Second War Powers Act and performs others functions as well, it is extremely difficult to estimate with any degree of precision the number of people

engaged in title III duties, since the functions of the various employees in many instances cover more than one aspect of the agency's duties. For instance, the enclosed chart indicates that the Office of Defense Transportation has outstanding five orders as of December 1 under title III of the Second War Powers Act, although it also indicates that no employees are engaged in administering title III controls. Obviously, this is not absolutely accurate. Actually, some employees who are assigned primarily to other duties must take action from time to time with respect to these five outstanding orders. However, the figure of "0" is computed in the same manner as the figure of "3,897" given as peak employment; i. e., if we included employees who spent a small portion of their time administering these five orders and thus raised the figure above "0," we would similarly include a considerably larger number of employees who spent a portion of their time on comparable orders prior to VJ-day and would thus increase the figure "3,897."

In addition to the figures relating to personnel engaged in Second War Powers Act activities, Senator Wheeler requested a statement as to the total number of employees within the Office of Price Administration. I have been informed that the OPA pay roll as of August 15, 1945, was 63,217, which has been reduced to 37,729 as of the 1st of December. The number of district offices has been reduced from 93 to 65 during the same period.

I wish to thank you for the opportunity of appearing before your committee.

Sincerely yours,

HANS A. KLAGSBRUNN, *Deputy Director.*

Employees engaged in title III activities

	Orders		Employees	
	Peak	December 1945	Peak	December 1945
Civilian Production Administration, War Production Board.....	700+	70	23,000	¹ 3,524
Office of Price Administration (Ration).....	16	2	27,055	² 5,813
Office of Defense Transportation.....	3,001	5	3,897	³ 0
Solid Fuel Administration.....	13	6	700	650
Agriculture.....	{ ⁴ 94	{ ⁴ 43	1,000	550
Basic suborders suspended, 144.....	{ ⁴ 194	{ ⁴ 174		
Total all agencies.....	4,018	300	55,652	10,537

¹ Includes 99 without compensation and dollar-per-year employees. In addition, 416 are in the process of separation.

² This figure does not include employees who have been given termination notices for December but have not yet actually departed.

³ No personnel assigned primarily to this work, which is handled incidentally by employees with other assignments.

⁴ Basic suborders.

Senator O'MAHONEY. Congressman Harter, did you care to make a statement this morning?

STATEMENT OF HON. DOW W. HARTER, A FORMER MEMBER OF CONGRESS

Mr. HARTER. I do not believe I will take your time as I see Mr. Klagsbrunn is here. I have a question I would like to ask him with reference to title II, after you have adjourned the hearing. My interest in that title is on behalf of a private company which now has been managing and conducting a large facility which was constructed by DPC during the war. This company is now negotiating for the purchase of that property.

The condemnation proceedings have not been completed, although it has been started, and it is a question of whether the changes proposed in title II would so affect the matter as to put the Government in position of not being able to give a good and marketable title.

Senator O'MAHONEY. Has the Government seized the property yet?

Mr. HARTER. No. The declaration of taking has not been filed but the condemnation suit has been instituted but has not been carried through to completion.

Senator O'MAHONEY. I do not think that would affect the title at all. If the court did condemn it, then it will be good and it will not be affected by this bill in any respect, as I see it.

Mr. HARTER. It is my understanding that when a declaration of taking is filed the title passes at that time; the subsequent payment of any additional money above the appraised value, if that becomes necessary, would wind up the condemnation, and that does not affect the title. However, in the case at hand the declaration of taking has not been filed but the action has been instituted.

Senator O'MAHONEY. If this amendment does not become effective until after the bill is passed, and it has no retroactive feature at all—

Mr. KLAGSBRUNN. It merely makes it impossible to proceed with new seizures under this law. Actually, if any new condemnation is required under the existing statute, the main advantage of this law was that it was very swift-taking, which was necessary for war purposes. Even new proceedings that might be needed to clear title could be handled under existing statutes.

Mr. HARTER. That was my understanding of it also.

Senator O'MAHONEY. The committee will stand in recess until 2:30.

(Whereupon, at 1 p. m., a recess was taken until 2:30 o'clock of the same day.)

AFTERNOON SESSION

(The committee reconvened at 2:30 p. m.)

Senator O'MAHONEY. The committee will be in order.

We were to proceed with a discussion of title III. Are you prepared to proceed, sir?

Mr. SMALL. Yes, sir.

FURTHER STATEMENT OF JOHN D. SMALL, ADMINISTRATOR, CIVILIAN PRODUCTION ADMINISTRATION

Mr. SMALL. Senator, with your permission I would like to submit a prepared statement which is substantially the same as the prepared statement that I submitted to the House Judiciary Committee a little over a month ago. The main elements insofar as the Civilian Production Administration are concerned, applying to the Second War Powers Act and its extension, are outlined at length in this memorandum.

Senator O'MAHONEY. Of course, we have available the House hearings but the importance of holding these hearings is to develop the facts. You say that it is substantially the same statement?

Mr. SMALL. There have been a few minor changes of dates and verbiage.

Senator O'MAHONEY. We will have the statement.

Mr. SMALL. Title III of the Second War Powers Act is the authority under which the War Production Board and the Civilian Production Administration have exercised the priorities and allocations functions. I believe the most helpful thing I can do will be to explain to

you the functions which we are still carrying on under this authority and point out those for which we anticipate there will still be a need after the end of the year.

Last spring just before and after VE-day we in the WPB were under considerable pressure from certain segments of industry to continue many of our controls, on the theory that it would cause endless confusion and retard reconversion if we took them off. We did not agree with them. It was our opinion then, as it is now, that reconversion would be best aided by a lifting of control orders as rapidly as it could be safely done. We followed this policy and I think the results have demonstrated that we were right. I should like to read a paragraph from Mr. Krug's report on War Production and Reconversion, of May 19, 1945:

Desirable though it may be to attempt to prevent temporary economic dislocations, the experience of those who have lived with these controls during the war clearly dictates that the controls are not suited to that job. Moreover, reason and history indicate that in any readjustment from a war to a peacetime economy, temporary dislocations are inevitable. We must not be stampeded by such dislocations into elaborate controls or special dispensations. Our economy is a jigsaw pattern of interlocking buyers and sellers, producers, and consumers. The pieces of the jigsaw will move into place best if we give people scope and leeway—with a minimum of rules, regulations, and production controls.

That may sound like a strange statement for me to read when I am here discussing a possible extension of our statutory authority, but I do not believe it is. Our thinking is the same today as it was then.

Early last spring the WPB had outstanding about 650 basic orders and schedules. The production and distribution machinery of the United States was pretty well enmeshed with our controls in order to assure the flow of material to military and essential civilian needs. By the end of May, shortly after VE-day, approximately 200 of these basic orders and schedules had been lifted. By the end of August, after the Japanese had surrendered, another 300 orders had been lifted, and by the 1st of November we had outstanding less than 75 orders and schedules.

The timing of removal of the individual controls has been the result of careful study by our experienced men attempting to appraise in advance the effects of the removal of particular orders, taking into account the supply and demand situation for the materials involved. We have had committees studying these problems and working with the other interested agencies since the summer of 1944. So that when VE-day arrived we were prepared to take the action which seemed to us appropriate.

Between VE-day and VJ-day, as rapidly as military orders were canceled, facilities were converted to civilian production, and raw materials were quickly diverted to civilian uses. Reconversion was proceeding at a rapid rate and increasing supplies of most materials and products made it appear that only a few remaining controls would be needed beyond the end of the year. Since VJ-day, however, there has been a definite slowing down in the reconversion process, and numerous uncertainties in the picture make it impossible for me to predict just how far beyond the first of the year some of these controls will be needed if we are to avoid additional serious dislocations in our economy.

While reconversion is underway, therefore, and in some cases is moving smoothly, we are not yet by any means wholly out of the

woods on materials shortages. It is for this reason that we still retain certain controls and believe that a few of them, out of the many hundreds which we had during active hostilities, should be continued beyond the end of the year. In order that the Congress can best determine whether this authority should be continued, I am explaining briefly the controls we now have and the types of purposes for which they may be needed into 1946. Speaking for our agency, we would propose in no case to exercise such authority beyond the time during which the need is clearly evident and furthermore to exercise it as sparingly as possible.

Now let me try to outline the purposes for which we believe the Civilian Production Administration may need to exercise the powers created by the Second War Powers Act.

While the volume of military procurement is now extremely small, compared with its pre-VJ-day level, there are still considerable requirements for our forces of occupation overseas and for servicemen pending demobilization. It is of first importance that there be no delay in the continued supply of these needs. While in most cases no trouble is now experienced in obtaining them on the open market, it would seem desirable that the priorities authority be maintained in reserve to make certain of their fulfillment.

The Executive order of October 4, which established Civilian Production Administration, sets forth six general purposes:

1. Expand the production of materials which are in short supply;
2. Limit the manufacture of products for which materials or facilities are insufficient;
3. Control the accumulation of inventories so as to avoid speculative hoarding and unbalanced distribution which would curtail total production;
4. Grant priority assistance to break bottlenecks which would impede the reconversion process;
5. Facilitate the fulfillment of relief and other essential export programs;
6. Allocate scarce materials and facilities necessary for the production of low-priced items essential to the continued success of the stabilization program of the Federal Government.

I want to take these up in order and illustrate under each heading some of the problems which we now have and some which will still exist after January 1, 1946.

(1) Expanded production of materials in short supply

This is the type of activity through which Civilian Production Administration can make its greatest contribution to rapid reconversion and the termination of all wartime controls. As has been frequently stated, all-out production is the quickest way to end the necessity not only for our controls, but for price controls as well. Certain bottleneck materials, many of them imported, and others domestically produced but now scarce because of conditions arising out of the war, will be the limiting factors in increasing industrial production rapidly to all-out levels. Here are some examples:

(a) Tin.—This essential material is entirely imported, and is needed not only for food preservation in tin cans, but also in small but vital quantities in every variety of reconversion production. Speedy restoration of normal supplies is dependent on delivery of equipment

items, many of which have very long production cycles. By a vigorous expediting campaign, including the judicious use of priorities authority, we have diverted into tin mining such standardized items as power shovels and tractors, and we hope to speed up the delivery of heavy dredges by 7 or 8 months from the original schedule which ran through June 1947. In this type of program, it is impossible to predict the specific bottlenecks which may delay the entire job. We have overcome troubles so far with clutches, with 50-cycle motors, with electric welders, and with many other types of materials and components.

(b) *Building materials*.—The 1946 construction program, especially in housing, is looked upon to play a major part in providing full employment and a demand for many types of equipment and supplies. The rate at which construction can be speeded up depends in large measure on achieving increased supplies of such materials as bricks, structural clay tile, clay sewer pipe, cast-iron soil pipe, and lumber. While manpower is the main problem in increasing these supplies, situations often arise in which speedier delivery of equipment can substantially improve the production picture. The assurance of adequate truck and tire supplies in the forests, for example, is an important element in full lumber production. We are keeping a close watch on these industries, and feel it essential that we be in a position, if necessary, to speed up equipment deliveries so that no time is lost in getting them ready to play their full part in the reconversion-construction program.

(c) *Coal-mining machinery*.—This is a vital factor in maintaining and expanding output of bituminous coal east of the Mississippi. The shortage of this basic material, which has been intensified by the recent strike, threatens supplies of steel and manufactured gas, as well as direct fuel needs for many other industries and general civilian health and comfort. We have engaged on an intensive campaign to stimulate the production of specialized underground mining machinery and to assure the supply of tractors and shovels for the highly productive strip-mining operations. This campaign involves priority actions both to speed up machinery production and to channel equipment into the most productive mines. We believe this program should be continued as long as it can help meet the coal deficit for the coal year ending next April 30.

(d) *Streptomycin*.—This new "wonder drug" conquers many infections which do not respond to penicillin or the sulfa compounds. While its development came too late to permit its use on the battlefield, the lives of hundreds of wounded veterans can be saved if large-scale production can be secured quickly. For many months the needs for treatment of injured veterans alone will exceed possible production. In full cooperation with the armed services and the pharmaceutical industry, the War Production Board is doing everything possible to expedite completion of new plants for streptomycin production. It has been necessary in a considerable number of instances to divert component and equipment items into this program from less essential uses in order to avoid construction delays of many weeks or months.

In all these cases, our principal reliance is on voluntary action by the industries concerned. On occasion, however, priority action has proved necessary either because the supplier is bound by contracts to

less essential customers or because he is unwilling to accept the order. The possession of priority authority, even if it is not used, is often a vital factor in obtaining full voluntary cooperation.

(2) *Limit the use of scarce materials*

Since VE-day, War Production Board has eliminated all prohibitions on the production of end products as such. In the case of a few acutely scarce materials, however, it has been and will continue necessary to keep certain limitations on their use. In all cases, these controls are designed to spread available supplies thinly so as to cover all essential uses, and thereby prevent the shortages from stopping re-conversion production. Here are some examples:

(a) *Tin*.—Until imported supplies are again fully available, the lifting of controls over the use of tin would result in a rapid dissipation of stocks and a period of dearth in which there would be insufficient supplies either for essential food preservation or for minimum industrial production needs. The present stock pile of about 30,000 tons can be made to last beyond the end of 1946 by careful husbanding and constant effort to increase imports. Without control, this small stock could be fully dissipated within a few months. Our tin-conservation order permits the use of tin wherever it is clearly necessary but prevents wasteful or nonessential use. By prescribing lighter coatings and prohibiting tinsplate where it is not needed, we have reduced the use of tin in the canning industry from about 42,000 tons in 1941 to an expected figure of 24,000 tons in 1946. Strick conservation has brought the use of tin in automobiles from almost 4 pounds per car before the war to less than 2 pounds today. As increasing supplies come in from abroad, we will continue the policy of gradual relaxation of this control. It would be dangerous in the extreme to discontinue this control before supplies are adequate.

(b) *Lead*.—Lead is another material of very widespread use now in short supply. While most of our lead is produced in this country, domestic supplies must be heavily supplemented by imports. The basic uses of lead include storage batteries, ethyl gasoline, paint, cable covering, chemicals, collapsible tubes, bearings,terne plate, free turning brass, etc. The present estimate of 1946 supplies is about 850,000 tons, of which 100,000 tons will be imported. If our present restrictions on the use of lead remain in effect, the demand will be 850,000 to 880,000 tons, while if these restrictions were removed the demand would probably rise as high as 1,100,000 tons. Meanwhile, stocks have fallen from a high point at the beginning of 1943 of 276,000 tons to an estimated figure at January 1, 1946, of only 88,000 tons. We can obviously no longer depend on the use of stocks to meet current deficits.

There is no relief in sight until additional new production is available from sources in the Far East, the Mediterranean, and eastern Europe. Mounting European requirements will make imports into this country increasingly difficult, especially as the primary foreign producing areas are not under American control.

(c) *Crude rubber*.—The tremendous new American synthetic rubber industry places us in the happy position of having no problem on total supplies of rubber. However, crude rubber comes wholly from foreign sources and it will take at least a year and probably longer for Far Eastern supplies to be restored to normal. In 1945 crude rubber

imports were only 134,000 long tons, compared with 1,029,000 tons in 1941. Until more nearly normal supplies are available, crude rubber must continue to be allocated to uses for which synthetics cannot serve. Thus heavy truck and bus tires require a high proportion of crude rubber to obtain satisfactory wearing qualities. In other uses, such as passenger tires, the proportion of crude rubber can be made very low without a substantial sacrifice in quality. As imported supplies increase, the controls will be gradually relaxed to permit larger proportions of crude and additional uses. With present uncertainties in the supply areas, especially in the Dutch Indies, and with uncertainty as to the precise United States share in future output, the safe date for the abandonment of control cannot yet be predicted.

(d) *Burlap*.—Burlap is another material on which this country is wholly dependent on foreign sources. Inadequate supplies of coal and food in India have seriously curtailed production. Control is exercised to channel the scarce supplies into agricultural bagging in order to prevent the loss of perishable foods. Until the combined supply of burlap and cotton bagging materials becomes adequate, the absence of such control might easily lead to a diversion of this material into furniture, automobiles, rugs, linoleum, and other uses where satisfactory substitutes are easily available.

Other materials now expected to be so scarce after the end of 1945 as to need continuing control over end uses include molasses, cordage fibers, antimony, quinine, and resin. The future outlook on imported materials is especially uncertain. It is not always possible to predict which materials may require such control. Thus, the recent coal strike, curtailing new supplies when stocks were already at an unprecedentedly low level because of the war, necessitated a temporary new control to increase the production of gas utilities of water gas made from coke and oil, and to reduce the utilities' demand for high-volatile coal. This action was part of a cooperative program between WPB and the Solid Fuels Administration designed to protect minimum public utility, transportation, and hospital needs and to get necessary coal stocks to Great Lakes points before the winter season.

(3) *Inventory control*

Another purpose for which I would suppose the Congress would want the allocation power extended is to permit the continuance of inventory controls to prevent hoarding or preemptive buying of materials during the reconversion period.

It is difficult to say just how long such a control is needed. I am not an economist, but the history as I understand it after the last war, plus the obvious motives on which business operates, would seem to indicate pretty clearly that whenever there is a possibility of higher prices there is an incentive for companies all along the line to stock up on goods which they will need in their operations. You will recall the disastrous cycle of sharp inflation and deflation in the years 1919-21, in which first the accumulation and later the unloading of excessive inventories played an important part. The National Association of Purchasing Agents has reported to us within a month, current conditions which appear to threaten a repetition of the post World War I catastrophe. For this reason, I believe that there is a need for inventory controls at this time and that this need will exist beyond the end of the year. The only sure way of making inventory

controls unnecessary seems to me to be an increased supply of goods brought about through continued and increased production.

Apart from its general effect on economic stabilization, the hoarding of scarce materials by some producers deprives others of an opportunity to put those materials into employment creating use. Such hoarding is likely to impinge with particular severity on small business concerns lacking the resources to compete effectively in a buyer's scramble. It has been and will continue to be a major element of War Production Board and Civilian Production Administration policy to minimize such scrambles, hoarding, or preemptive buying.

We have consolidated our manufacturing inventory limitations in a single document, Priorities Regulation 32, which is reviewed semi-monthly to remove from control materials no longer scarce and to tighten control on other materials where needed. We also expect to consolidate and strengthen existing inventory controls over distributors. Enforcement of these controls will be the principal responsibility of our field compliance force of 350 men.

(4) Priority assistance to break bottlenecks which impede the reconversion process

Our primary aim in handling bottleneck items is to obtain the most rapid possible increase in their output so that industry may proceed without fear of material shortages. Until this objective is achieved, however, it has been our experience that it is important to be able to step in with an occasional use of the priority authority in order to break specific reconversion production bottlenecks or to assure minimum needed supplies to small plants, particularly those operated by veterans. On the whole, industry is doing a fine job in distributing scarce supplies equitably among consumers. Under our Priorities Regulation 28, which is used for breaking reconversion bottlenecks, we have had thus far a gratifyingly small volume of applications. Some material and component shortages will persist well into 1946, and we feel it desirable to maintain in reserve, for very sparing use, the authority to break occasional bottlenecks and to relieve specific hardship situations.

A few examples of the use of such bottleneck-breaking authority during the past few months will indicate the type of purpose for which we feel it may be needed during the early part of next year.

In one instance, a large automobile axle plant was being held up because of failure to obtain wooden floor blocks. This delay threatened reconversion and reemployment in a number of assembly plants, involving tens of thousands of jobs. The assignment of a CC rating to this small quantity of material avoided a serious delay in reconversion progress.

In another case, a pilot boat had to be removed from service in one of our most congested eastern ports with a large volume of war traffic, owing to the break-down of a generator set and the wearing out of a special-type storage battery. Available suppliers were contacted and the urgency of other orders was ascertained. It proved possible to expedite the delivery of the battery without a priority, but a rating had to be assigned to assure early delivery of the generator set. By these means, the boat was returned to service in a few weeks rather than the period of several months which would otherwise have been lost.

Similar action has also been used in obtaining rapid delivery of X-ray equipment for military and veterans' hospitals. Another group

of cases involves veterans returning to business. In one such case, a veteran returning to his prewar business of producing electric fans was unable to get delivery on the bottleneck motors until well into next year. In this instance it was possible to find an alternate supplier to give early delivery without using a formal priority. In another instance, a veteran returning to the photographic business needed \$300 worth of drying machinery to replace worn-out equipment. A preference rating under Priority Regulation 28 enabled him to resume business many months earlier than would otherwise have been possible. Such spot priority assistance is also occasionally needed in emergencies to prevent break-down in service of public utilities, food processing plants, or other basic services. In many such industries, maintenance has been starved during the war and delivery times on replacements are extended far beyond normal. This type of situation will in due course rectify itself as production is stepped up, but the authority for emergency priority action still appears necessary for some months.

It should be reemphasized that Priorities Regulation 28 was not intended, and will not be used, as a substitute for individual self-reliance and resourcefulness. We do not want to encourage industry to come to the Government for priorities when the exercise of their own initiative would enable them to satisfy their needs. Applications are rigorously screened and are approved only where the need is demonstrated beyond question. The great majority of the cases thus far approved involve small quantities of materials to be used in small manufacturing plants. The exercise of this authority is sparing in the extreme and is maintained only to adjust those few serious inequities which are inevitable in this transitional period of materials shortage. As production grows, the need for this instrument will disappear and its use will be self-liquidating.

(5) The fulfillment of relief and other essential export programs

Through cooperative arrangements with the Foreign Economic Administration—now the Office of International Trade Operations, Commerce Department—the War Production Board has taken steps to prevent the undue drain abroad of materials or products in short supply in this country. Such action will be continued under the Civilian Production Administration. In certain types of cases, however, positive assistance must be given to exports to fulfill international commitments or to obtain supplies from abroad which are vital to reconversion.

Certain crucial import programs cannot be carried through without incentive trade goods and necessary production equipment. These programs include tin, crude rubber, manila fiber, fats and oils, quinine and quinidine, and other products. In many such cases, money alone is no inducement to the foreign production; it must be supplemented by goods such as textiles, household, utensils, bicycles, small hand tools, and so forth. Restoration of production requires prompt delivery of such items as heavy dredges, transportation equipment, tractors, power shovels, machetes, and the like. Since the affected foreign areas are often not long-run postwar markets, industry is sometimes reluctant to provide supplies without Government action. In such cases, the existence of the priorities authority, which is used only when needed, makes it possible to insure speedy delivery of these

materials and to obtain the most rapid possible increase in these important reconversion supplies.

Assurance of minimum supplies for relief and rehabilitation in war-damaged areas is a matter of high public policy repeatedly reaffirmed by the President. Such requirements include not only supplies for UNRRA, but also for the European paying countries, such as Belgium, Holland, and France, and for the barest minimum needs of the Philippine Islands, China, and the Netherlands Indies. The relief programs include textiles and clothing, hospital equipment and medical supplies, coal-mining machinery, transportation repair parts, and certain types of factory equipment. Here, too, the affected areas are often not sufficiently attractive as long-run postwar markets to be assured of supplies without priorities assistance.

Priorities assistance has also occasionally been found to be necessary to meet other essential export requirements. For example, it was recently necessary to obtain some equipment for a butter plant in New Zealand to keep up the flow of butter to our forces of occupation in the Pacific areas. In a number of countries the packing of meat and other food products, some of which is used by our Army overseas, is dependent on tinplate supplied from this country.

(6) Allocation for production of low-priced items essential to the stabilization program

As a part of the general stabilization program, the War Production Board has worked with the Office of Price Administration in developing the fourth quarter low end clothing programs. It is our sincere hope that production will be sufficiently increased by the end of the year so that continued action of this type will no longer be needed and that ample supplies of low-priced clothing will again be flowing into retail channels on a free-market basis. At this time, it is too early to predict accurately the first-quarter production and distribution situation. Should it be determined necessary to continue these programs beyond the end of the year, the Civilian Production Administration should have the necessary authority to channel scarce fabrics into the hands of low-cost clothing manufacturers and to distributors of low-cost piece goods for resale.

Senator O'MAHONEY. Now, let us discuss here the various types of controls which you think must be continued, and why you feel that the controls should extend for a year instead of only 6 months.

Mr. SMALL. All right, sir. Point No. 1 is the allocation and conservation of scarce materials. Six months ago, before the ending of the war, most materials were in short supply. Many of them were acutely short. After VJ-day, with the military cut-back, most materials came into relatively easy supply, or we saw easy supply ahead of us, and only a relatively few materials components remained in exceedingly tight supply. Those can be divided into two types of material: One is where we see no possibility of any adequate supply, in the near future, that over the long run there will be an easing of it, but in the short term we do not see it. Take, for example, tin, which is essential to our economy. The tin stock pile is down to dangerously low levels today. If we lifted the control of the use of tin today, I have no doubt that our stock pile would be exhausted within 2 or 3 months. If you permitted free use of tin for anything that anybody wanted to use it for.

Senator O'MAHONEY. When you refer to our stock pile, do you mean the military stock pile, or the general stock pile?

Mr. SMALL. I mean the tin that we have in this country which is available for civilian use and if that happened, the result would be that every industry using solder or every industry using brasses and bronzes, and the industries using tins, for example, for food cans, would be shut down within a relatively short time after the exhaustion of the stock pile. Reconversion would just come up against a stone wall and stop; we could not help ourselves. Now, obviously, under those conditions, until we see more tin actually coming into this country, not rumors of tin or hopes for tin, but actual tin loadings, in our opinion, it is unwise to lift the restriction. We have relaxed them a little bit because we see a little tin coming in, and it may be that we would have to if the powers were extended. We might have to tighten up again if more tin does not follow. But for so long as that danger to the economy exists, and it is a very serious danger if we exhausted the stock pile, in our opinion the controls over the end use of tin should continue. We have enough tin to see us through under the present restrictions. We do not have enough tin to see us through if we lift the control over the end use. Almost the same situation exists in crude rubber. Now we have heard a lot about the opening up of the Far East and the rubber that is going to become available over there. Before the war our use of crude rubber amounted to about 700,000 tons a year. We are down today in our stock pile in this country of crude, to about 100,000 tons. We see over there a total potential of crude rubber that might be obtained by the world, not by us alone, possibly of 250,000 tons. We are not going to get all of that.

Senator O'MAHONEY. When you say, "We see," I take it that you mean that you estimate, that is a sort of prospective condition?

Mr. SMALL. We have reports, some vague, some very infirm, some rumors, really, that back in the interior of Malaya, the natives have rubber buried, that they hid from the Japs, and there is some in stock piles here and there, but when you add it all up and it is not a very firm figure, that is what you get.

Senator O'MAHONEY. And when you say you see a little tin coming in, you spoke in the same sense?

Mr. SMALL. That is right. You take, for example, tin we have had already alerted on our need for tin in our military forces over there, and our diplomatic people over there; everyone is looking for tin, pig tin, or tin concentrates, and in all of Japan they have been able so far to uncover in stocks, like our working stocks in our industries, only a few thousand tons of tin. We thought that we might find a very substantial amount, but we have not found it.

Therefore, it does not look as if, on either tin or crude rubber, we are going to have enough; we certainly do not have enough to lift the controls today.

Senator O'MAHONEY. Speaking of tin, did not the Japs have a stock pile of tin?

Mr. SMALL. Less than 5,000 tons, including their industrial in-process tin.

Senator O'MAHONEY. That is an extraordinary thing.

Mr. SMALL. That is, in Japan proper.

Senator O'MAHONEY. How about in Singapore and Malaya?

Mr. SMALL. We have only been able to uncover very small amounts, 1,500 tons here, 2,000 tons there; the total of all of it is nothing like what we really needed. We needed a lot of tin.

Senator O'MAHONEY. Is there any possibility that they may have successfully cached that beyond our gaze?

Mr. SMALL. For the moment, yes; our people are in there.

Senator O'MAHONEY. You do not believe that this represents all that they had?

Mr. SMALL. No; I am sure that we will find more, but I say that we should not risk such a dangerous gamble until we find it and until we get it down to seaboard and on board ship, or at least, down to the seaboard where we can ship it. There is a great deal of this stuff in the interior, and conditions are by no means good. Those are two typical cases of things that are short that are imports. We have lead, antimony, and a number of other things that are very short.

Going over to the things that we make here at home, that are short, the bulk of things, I can name them over for you, the things that are really harmful obstacles to reconversion, are lumber. Our demand for lumber far exceeds the supply. There are very many reasons why the shortage for lumber exists. Then, there are textiles. All textiles are short, particularly cotton textiles. The demand for cotton textiles for the first quarter of the coming year we estimate to be 3,200,000,000 yards. The best that we can hope to produce is 2,100,000,000. There is demand 50 percent greater than our possible production.

Senator O'MAHONEY. What do you say is the production?

Mr. SMALL. We anticipate 2,000,100,000 for the first quarter.

Senator O'MAHONEY. That is cotton?

Mr. SMALL. That is right.

Senator O'MAHONEY. What have you to say about that, Dr. Jacobs?

Dr. JACOBS. I cannot make a statement on that, sir; I have never heard those figures before.

Mr. SMALL. That covers all classes of cotton fabrics.

Senator O'MAHONEY. Do you have any information on the capacity of the cotton industry to produce cotton fabrics?

Dr. JACOBS. I do have information, and I will be glad to file it with the committee, sir.

Senator O'MAHONEY. You do not have it at your fingertips?

Dr. JACOBS. No.

Mr. SMALL. I doubt if there is any real question; certainly there is no question about the production by the industry's way. They have been producing.

Senator O'MAHONEY. I am not questioning your statement. I just want to verify it by an expert spokesman for the industry.

Mr. SMALL. The expectation of what we will produce is a matter of judgment, and error on the short side or the long side, but we think that there is very little likelihood of our getting more than 2,100,000,000 cotton textiles for the first quarter. I mentioned lumber and cotton textiles.

Another area of shortage which is causing a great deal of difficulty, also shortage of houses, and that, in turn, housing, goes back to the shortage of building materials used to build the houses.

Senator O'MAHONEY. What steps do you take to determine the supply of these materials?

Mr. SMALL. We have reporting devices, which is covered in another title here, that we wanted the extension of the statistical information which is being collected by the agencies as to the supply and demand for these particular materials that are in short supply. These figures on supply and demand are made public. We publish them, and they are wide open to the various industries involved, and they are cross-checked by the industries and by our own Bureau of Census, and by other people who are interested in it.

Senator O'MAHONEY. Then, you are depending upon the statistical services of the Government, the Department of Commerce, and the Bureau of Census, and the like?

Mr. SMALL. That is right.

Senator O'MAHONEY. What about the various industry committees which, under the OPA law, the stabilization law, were to have been set up? Do you get information from them?

Mr. SMALL. Yes, we do; it has nothing to do with the OPA industry committee. We have industry advisory committees of our own. We have had them all through the war. We are retaining them in active being on any materials which are still in short supply.

Senator O'MAHONEY. How many such industry committees do you have?

Mr. SMALL. I think somewhat over 400.

Senator O'MAHONEY. Would you give us a list of them, and have it put in the record, please?

Mr. SMALL. Yes.

Senator O'MAHONEY. Now, I mean the active committees.

Mr. SMALL. Well, the active committees are the ones we are calling in currently on the individual materials that are giving us trouble. We still have in being, although we do not call them in, the industry advisory committee on those things no longer a problem, but they are there as a fire department in case we need them. If something comes up, we call them in.

Senator O'MAHONEY. How much authority do you give these industry committees?

Mr. SMALL. They are entirely advisory; they give their best judgment on the thing and that judgment is taken into account. We give them a great deal of weight in reaching a decision.

Senator O'MAHONEY. Will it be your policy, if this law is extended, to continue to use those industry committees as you used them during the war?

Mr. SMALL. Surely; because they are the people who are at the heart of the problem. They are at the heart of the production problem, and they know the production difficulties and the production troubles far better than any outsider can know them.

Senator O'MAHONEY. What has been your experience, by and large, with the character of advice that you have had with these committees?

Mr. SMALL. I think the character of the advice that we have received from them has been excellent. I think it has been one of the outstanding results of this war, that these people have come down here, they have given objective, sincere, and patriotic advice. I think the results demonstrate that, because, following their advice, decisions

have been reached, actions have been taken that have affected the whole economy and in the main, there has been very little flareback on those decisions and on those actions. It seems to me to indicate that the industry advisory committees have performed an exceedingly valuable service to their country during this period of time.

Senator O'MAHONEY. Is there anything in the War Powers Act relating to industry committees—I do not recall that.

Mr. SMALL. Not in the act itself.

Senator O'MAHONEY. There was a provision in the Stabilization Act?

Mr. FIELD. In the original Price Control Act.

Senator O'MAHONEY. That is the only law of which I have any present recollection that contains such a provision, am I right?

Mr. FIELD. I know of no other, Senator.

Dr. JACOBS. You asked a question that I could not answer a few moments ago. The WPB industry information on production for the past quarter was 2,300,000,000, which they have since reduced, I think, to the figure which the captain has quoted. Our thought in the textile industry is that production in the first quarter of next year will be materially increased over the production of the last quarter of this year. I would like to have that statement in the record.

Senator O'MAHONEY. Thank you.

Mr. SMALL. I will come back to that in a minute. Going along on the question of the shortages, building materials, as I say, are the bottleneck which prevent us from building more houses and we certainly need them. The building materials that are particularly tight and acutely in short supply are brick, cast iron, soil pipe, clay sewer pipe, all clay products, structural tile, gypsum board and lath, cast iron radiators, and the like. We have been taking extraordinary steps, using the priorities power to attack the problem at the plant level, to try to get production up, production increased. To give you a typical example: in cast iron sewer pipe which is essential to the building of homes, back in 1939, 1940, and 1941, we had, I think, 52 foundries producing a little less than 600,000 tons of cast-iron sewer pipe a year. As of June of this year, there were only 28 foundries in operation producing somewhere around 150,000 tons a year. If we had all of the foundries going at full speed and producing 600,000 tons we would not have any cast-iron sewer-pipe problem. But a lot of foundries were down for a variety of reasons, and production was about 25 percent of prewar production. Now, in getting the foundries to boost production or close down, foundries back into operation again, there are a number of elements involved. First, they need new equipment, and they need it quickly in order to get production quickly, because this thing is very acute, and we have gone in to help them get that equipment and get materials that they need to get rolling. They need manpower: manpower runs through all of this thing, all of these shortages, domestic shortages, you have a manpower problem, and a manpower shortage. That is true without exception, except for gypsum board and lath, where the manpower problem is not serious. In all foundries' products, in all of the clay products, in lumber, in textiles, we have manpower shortages. That leads you back in turn into questions of wages and prices.

Senator O'MAHONEY. Have you any idea of how much these manpower shortages are?

Mr. SMALL. Yes; take cast-iron soil pipe, for example, and that is a very real bottleneck to housing. The shortage is only 3,000 or 4,000 men, country-wide.

Senator O'MAHONEY. Country-wide? Do you mean by that that that 3,000 or 4,000 men are lacking, that if you had 3,000 or 4,000 men you would not have a shortage?

Mr. SMALL. If we put 3,000 or 4,000 men into the foundries and the managers operated the foundries at capacity, very soon we would not have a shortage; as soon as you build up the distribution channels and the inventories, we would not have a shortage.

Senator O'MAHONEY. That is only one of the factors?

Mr. SMALL. That is one of them.

Senator O'MAHONEY. And you are speaking only of soil pipe?

Mr. SMALL. Yes, in that instance. You take brick; before the war, back in 1941, we had something like 750 brick plants, roughly. Today there are less than 500 in operation. Before the war, we were producing at the rate of about 4,000,000,000 brick. Today we are producing at the rate of 2,000,000,000 brick. Now, we are getting some of the brick plants operating again. We have given high priority to 150 brick plants within the last 60 days.

Senator O'MAHONEY. That is what you do, to break the bottleneck.

Mr. SMALL. To increase the production of the short items that also is a bottleneck-breaking procedure involved there too. Now, the getting of production up for the short items is not alone a CPA problem; it is a wage problem, a price problem, and a CPA problem. All of us are involved, and labor.

Senator O'MAHONEY. Are these priority cases handled on a general standard, or on an individual basis?

Mr. SMALL. On an individual basis.

Senator O'MAHONEY. Each case stands upon its own merits?

Mr. SMALL. That is exactly right.

Senator O'MAHONEY. What steps do you take to make sure that everybody who would like to have the assistance of the Government knows that that assistance is available?

Mr. SMALL. Well, we issued numerous press releases on the subject. We are in all the trade papers on these short items, pointing out that we want to help get plans into operation. At the same time we are pointing out to all industries that priorities are to be used exceedingly sparingly.

During the war everybody got used to using priorities. They did not like it in the beginning and they got used to it and found it was a very easy method of buying. If you had a priority you could buy, and there was no trouble about it.

Before the ending of the war as we began to lift these controls, we found a lot of people changed their thinking. They agreed with us that priorities were not going to go back to a free economy as long as there is not a substantial push in the priorities involved, and they agreed with that and thought we ought to eliminate priorities as much as we could but they did not think we should eliminate it from them. In other words, "I am different. I have a priority." The same thing applied with the control orders.

Everybody agrees with you in general, "Let us lift all these controls as quickly as we can, but don't lift mine; I get along all right on this control." We find that in numerous instances. However, our consumption has been and continues to be the set policy to lift the control as quickly as we safely can.

This spring we had over 650 orders on the books. Today we have 50 orders, and 20 schedules. About 20 of those have to do with textiles, others have to do with tin, and others with crude rubber. Still others have to do with coal. Some of these orders are on there for insurance only. We do not exercise them until we have to.

Consider a case here during the coal strike. The supply of coal at the lake ports for public utilities for manufactured gas was exceedingly low. We have not been able to replenish their stock piles during the summer, and when the coal strike came on and we saw the situation getting serious, we put a new order into effect which meant that everybody who used a certain grade of coal had to conserve it. If there were any other fuel that he could use, he used it. In other words, that was a control we reinstated.

In that instance, we got back the people whom we had let go, brought them back down here within 48 hours, and put the control into effect. The purpose we had in mind was achieved. We did conserve coal enough to protect, I hope, the manufactured gas utilities in the lake ports because we cannot get any more in from any of these places after the freeze-up.

Senator O'MAHONEY. What has been the general effect of the lifting of these controls?

Mr. SMALL. I think the general effect that the lifting of the controls has been to expedite reconversion, to give a very great impetus to reconversion, and to speed up the whole process of getting shifted over from all-out war to all-out peace production.

In other words, I think that the industry of the country, the less you surround it with these regulations and with minutia of details from Washington, the better they get along. But on those things that are acutely short, some of which I mentioned here, some measure of control must be maintained.

Take for example the inventory control. We say that no one may keep an inventory greater than a minimum practical working inventory, and in some instances no more than so many days' supply, and those are specifically set out in the regulation in one list. In another list in the regulation, we list a lot of things and say, "Carry as much as you like. You can carry a year's supply." Those items are in plentiful supply, adequate for all our needs, therefore we should not prohibit the sale of those things.

Senator O'MAHONEY. Before VE-day when this problem of postwar controls was discussed, the fear was frequently expressed that large operators might gain undue advantage over small businesses by acquiring tremendous stock.

Has that transpired?

Mr. SMALL. No, sir. It has not.

Senator O'MAHONEY. Your desire to maintain controls on short supply is intended to prevent that from arising with respect to that type of commodity?

Mr. SMALL. Exactly. We have said in broad outline, to the industry, both the buyer and the seller have an obligation. The buyer must work on a minimum inventory on things which are tight, regardless of whether the Government is standing over him with a club or not. He has an obligation to his country to work on a minimum possible inventory, even though our regulation may say 60 days, if he can work on 10 days, he should work on 10 days so as to enable the thin supply to be spread further across industry.

The seller has an obligation to spread his sale thinly. Most of the sellers are familiar with the position of their customers, and they must see to it that the customer does not get an untoward amount.

In addition to that, we have our compliance crews that we throw in at places where we have shortages, where we suspect that there may be hoarding.

Senator O'MAHONEY. Have you worked in conjunction with the Surplus Property Board and the War and Navy Departments with respect to the surplus accumulations?

Mr. SMALL. Yes, although that is entirely outside of our jurisdiction.

Senator O'MAHONEY. If you are going to undertake to control the supply of short items, I think it would be perfectly normal for you to know what surplus property the Surplus Property Board is receiving by way of reports from the War Department and the Navy Department.

Mr. SMALL. Yes, we get that.

Senator O'MAHONEY. Take, for example, building supplies. What is the situation there?

Mr. SMALL. We get the information from Surplus Property and we also, through long experience working with the services, have other information about their inventories. We take them into account when we figure out our supply and demand position, country-wide.

Now, on building materials, as such, the stocks of the Army and Navy are in the aggregate very small. We hear a great many comments about the amount of lumber that they have.

In the first place, a great deal of the lumber that the services have is not construction lumber. It is lumber for dunnage, boxing and crating lumber, for use on shoring of the cargo ships that are sent abroad. That lumber, in aggregate, amounts to, I think, half a billion board feet out of a production of eight billion and a quarter.

However, that was knowing what their inventory was, what their inventory position was.

We asked the Army and Navy to stop buying, to get out of the market entirely, which they did, and they are only in for odds and ends of lumber that they do not have stock piled. They have continuing uses of crating lumber, and dunnage lumber, because we are still shipping supplies to our troops abroad.

The Army and Navy have their repairs and maintenance, they have other uses for lumber, and they are shifting their stocks around the country, to stay out of the market, and because we felt if we got them out of the market the lumber industry would go ahead.

We tried to have the Army and Navy declare as much surplus as possible.

Senator O'MAHONEY. A tremendous amount of lumber was shipped overseas for the purpose of the war. What is the situation with respect to that, do you know?

Mr. SMALL. The amount of lumber that was shipped into the European theater will probably be sufficient to take care of their needs over the next, I should say, 8 months to a year, including all the stuff that they are crating and shipping back to this country and their housing and repairs that they are making to the billets there, and so on. It has relieved a drain on this country. We no longer have to ship to them abroad, but there is not sufficient for them to ship back to this country out of their stock unless we, in turn, resume shipping to them.

It is better business for us to let them hold those stocks than it is for us to bring them back.

In the Pacific the stocks of lumber were never very great. We tried to expand the production as soon as we got to the Philippines, to make them self-supporting. There is some lumber down in the islands.

As we moved forward across the islands, there have been some stocks of lumber which they have been moving up as they got shipping space.

But our lumber problem cannot be solved by an overseas stock. It is just a handful.

Senator O'MAHONEY. How about the production of lumber? Is not that retarded by the labor shortage in logging camps?

Mr. SMALL. That has been true for a long time. Certainly the strikes have hurt substantially. Strikes in the Pacific Northwest, I believe, if not entirely settled, are practically settled. The locals are agreeing to the terms.

We have labor shortages in the South, and we have a feeling that perhaps their price ceilings are not high enough. You get that all over the place, the price ceilings are not high enough. If we raise the prices on everything we are going into a spiral of inflation.

But production of lumber in the South could be increased. Production of lumber in the Northeast could be increased.

If we had more manpower in the woods, in the mills, and if they operated them to capacity, they could be increased.

Senator O'MAHONEY. How long do you suppose it will be before the lumber supply will be restored to anything like normal?

Mr. SMALL. As of the present time, the stock of lumber in mills and in lumber yards and the distribution channels, is down, I think, to about 8,000,000,000 board feet. It is lower than it has ever been in our history, that we have records of.

Had we not had a strike, we expected or hoped that during the fourth quarter of this year we would have been able to replenish the distribution stock piles by a billion feet out of an 8,000,000,000 production. We are not going to do that. Perhaps our first quarter we will begin to get a little more into the distribution channels. It will take us a long time. It will take us many, many months, and I doubt if we will do it next year, before we get back to where the lumber yards have an adequate supply.

Senator O'MAHONEY. What would be the effect upon our economy so far as housing is concerned if this power were terminated June 30, 1945?

Mr. SMALL. The housing situation is very acute today. Let me put it this way: We have a backlog for housing that has been built up during the depression time and certainly during the war period that is now estimated to be about 12½ million housing units. If we

put all of our resources at it, materials and men, we could produce about a million and a quarter houses a year. The best that we can see during 1946 is 400,000 or 500,000 houses. The demand, as you know, is far greater than any 400,000 or 500,000, particularly for the returning veteran who wants to reestablish himself in his own home.

The more we can increase that 400,000 and 500,000 the better we are meeting this demand, particularly for the veteran.

A good bit of the materials entering into housing have been flowing into other channels: Repair and maintenance, commercial construction, industrial. We are not operating at the rate of housing construction that will give us 400,000 or 500,000 next year. We are not operating at that rate now.

It is my belief that we are going to have to take steps to channel building materials into housing, particularly into low-cost housing, if we are going to do what we should do for the veteran and see to it that the veteran gets his shot at these houses that are being constructed.

Now, if we do that and embark upon that program, with the Second War Powers ending June 30, some good will be accomplished, but not a substantial amount of good because Mr. Klagsburnn pointed out here this morning, when the dead-line date is up, when you know that a power is going to end on a certain date, prior to that date compliance becomes ineffective. People no longer comply. They hold off; they wait; they are hoping that they will be free of the control and do what they want to later, so that your compliance becomes relatively more or less ineffective 2 or 3 months before the expiration date.

Therefore, at the maximum, we would be talking about channeling into low-cost houses for a period of 3 months, and that 3 months during the dead of winter for most of the country. Therefore I think, if we really want to make a success of the low-cost housing program and the veterans' preference for houses that the Second War Powers Act should be extended for the full year.

Senator O'MAHONEY. You requested the House for an extension of 1 year, and the House granted you only 6 months?

Mr. SMALL. That is right.

Senator O'MAHONEY. The report does not seem to state the reason. Do you know why?

Mr. SMALL. I think because there would have been a great deal of argument, more argument than the House realized, that this is urgent legislation.

Senator O'MAHONEY. Of course it might have been that when the Judiciary Committee of the House began consideration of this matter it had before it a half dozen regulations declaring the termination of the war as of a particular date, VJ-day, or the surrender of Japan, and that may have been a consideration. I see nothing about it in the report.

Mr. SMALL. My own feeling is, Senator, I am a very strong advocate of the Government lifting these controls and setting industry free at the earliest possible moment. Every order and every control that we have on our books is reviewed frequently.

As a matter of fact, I go over every 2 or 3 days to find out, and to reinforce my own feeling, that this control and that control must be kept on. The burden of proof is on the man who wants to keep the control on the people, to say that this problem is so acute on this particular phase, whatever it is, that it is so acute that we must keep this on.

The people in our organization came from industry. They want to go back to industry. They do not want to stay here to build up something that will last for a long time. But during this transition period of a relatively short time, there are some things that, in my sincere judgment, we must continue to exercise control on, else we have a measure of chaos. We have all reconversion bogged down because of a lack of a few bits and pieces here; something comparable to the war effort before we put CPA into effect.

Senator O'MAHONEY. Your position, and it constitutes an assurance to the committee and therefore to Congress, is that your policy is to lift the controls as rapidly as possible. You demonstrate that that is your policy by citing the record of the lifting of by far the great majority of all the controls that were in effect on VE- and VJ-day?

Mr. SMALL. That is right.

Senator O'MAHONEY. And you state to us that despite your desire to lift controls, there are certain cases, particularly those in which we have short supplies of certain commodities, in which, in your judgment, it is essential that the controls should continue to exist, or at least the power to make them effective should continue to exist, and that, in your opinion, a 6 months' extension is not sufficient?

Mr. SMALL. That is right.

Senator O'MAHONEY. And you state to us, furthermore, that if this extension for a year is granted, your policy will be in the future as in the past, to lift the controls as rapidly as possible?

Mr. SMALL. Yes, sir. Then, at some time along the middle or the latter part of next year, if it then becomes apparent that any one of these controls, specifically, single controls, may be necessary, I think that the Administration can then come to you and ask not for an extension of the Second War Powers beyond the end of this year, but ask for an extension of, for example, tin control, or something like that.

Senator O'MAHONEY. In other words, ask for specific legislation?

Mr. SMALL. That is right. Along the same line of what might happen is this inventory control. The inventory control is the strongest weapon we have against what happened in 1929 and 1931. There we had speculative buying wholesale. We had a terrific accumulation of inventories after the end of the war. We had people who just went wild in buying, in ordering all over the place. Artificial shortages were created everywhere.

All of a sudden the balloon burst, and we had a precipitous depression that ruined literally hundreds and thousands and millions of our people. I believe over a hundred thousand firms went bankrupt, all because of speculative buying, hoarding, and lack of inventory control.

That did not occur 2 or 3 months after the armistice; it occurred about 6 to 9 months after the end of the war.

Senator O'MAHONEY. Is there any other phase of the matter that you desire to discuss? Rationing?

Mr. SMALL. On rationing we are down to two things, as you know: sugar and tires. Production of tires is improving and we are hopeful of lifting that in the not too distant future.

Sugar, I am told—it is outside of our field—but I am told it is going to have to continue for a considerably longer period.

Senator O'MAHONEY. What about the foreign program? The House report on page 5 says that—

Export of certain of these materials—

that is the same materials which are needed by foreign nations with which the United States has commitments—

is essential if labor in foreign areas such as Malaya is to be induced to produce materials such as tin which we ourselves require.

Would you amplify that a little bit?

Mr. SMALL. We have an export program where the export needs, that is, the needs of the foreign countries are studied and listed and screened by a group within our organization, including representatives of the other agencies that are concerned: State, FEA, OPA, and so on, where we screen and radically screen requests of these other countries for export.

In other words, Government has two functions: one is to prevent any undue drain on our economy, to prevent any real harm to re-conversion to our industry by too much being exported of scarce things; and the other is to see to it that those things that we must export are exported. For example, in Malaya, in the islands, the people who get out the tin, who get out the crude rubber, or in China the people who get out the antimony, or in the Philippines, those who get out sugar, molasses, and some of the other things we so badly need, their need is not for dollars, it is not pieces of money, their need is for things like cotton piece goods, foods, bicycles, flashlights, all those little things of commerce. They must get those things.

Textiles are particularly acutely short all over the world, and shortages are not limited to the United States. But if we are getting tin out, we must send some textiles out to the Far East.

Senator O'MAHONEY. What besides textiles do you include in this export program?

Mr. SMALL. Anything that is in short supply, as for example, trucks or automobiles, on which we set quotas on the amounts, the proportion that can be exported, until our own demand here at home is filled.

But there is a certain amount that must be exported if we are to get back from abroad the things that we must have.

Senator O'MAHONEY. So that you follow a method whereby you schedule these exports to the areas which will produce the most for us in the commodities that we need?

Mr. SMALL. That is right.

Senator O'MAHONEY. That is, those we need to reconvert our economy?

Mr. SMALL. That is right.

Dr. Jacobs mentioned this morning when we were talking about exports to Canada, that Canadian exports are very rigidly screened down. Actually, a lot of the stuff is barter, Senator. We have to get nickel and newsprint from Canada.

Newsprint is one of our worst problems. Are we going to get all we want of newsprint, or of nickel, that they can dispose of in the world market perhaps at a better advantage than they can down here, if we are adamant and say, You can have nothing in the way of textiles?"

Senator O'MAHONEY. I understand Canadian mills have denied a very recent request of your organization to increase the supply of newsprint.

STATEMENT OF J. HALE STEINMAN, CIVILIAN PRODUCTION ADMINISTRATION

Mr. STEINMAN. No, Senator, that is not quite correct. The newsprint is going up 20,000 tons a month on the first of the year, but they would not take care of that Joplin, Mo., situation we asked them to take care of.

Senator O'MAHONEY. They would not take care of a special case, is that it?

Mr. STEINMAN. They had a case where they would not take care of the Joplin, Mo., request, and the Holly Mills out west would take care of the Wyoming newspaper, and the Canadians said they had enough trouble taking care of their own and they could not take care of a newspaper which up to now had been taken care of by American mills. But they are increasing cut-backs of paper, their commitments on the first of the year.

Senator O'MAHONEY. Newsprint is in short supply?

Mr. STEINMAN. Yes, sir, a world shortage.

Senator O'MAHONEY. How long is that shortage likely to last?

Mr. STEINMAN. Some years.

Senator O'MAHONEY. That brings me back to the question that I raised this morning, whether, without controls, you can depend upon the industry to see that no United States user of newsprint is going to suffer for lack of it, or be closed down. Of course, they will have to suffer if there is a lack of newsprint.

FURTHER STATEMENT OF JOHN D. SMALL, ADMINISTRATOR, CIVILIAN PRODUCTION ADMINISTRATION

Mr. SMALL. You cannot guarantee anything 100 percent, Senator. As you well know, we have a terrific demand for newsprint. We have every paper in the country being offered advertising contracts that they would love to accept but they have not the paper to take them. Therefore, the demand is terrific. With a short supply, you cannot possibly satisfy everybody.

Now, the amount of newsprint going into the house paper is relatively small in tonnage. The industry has assured us that they can and will spread the thin supply equitably and prevent these papers from going down.

Now, that is a question of judgment. Can they do it or can they not do it? As a matter of fact, I think in 90 percent of the cases they can, and will. There will be a small proportion of cases that we may have to step in on, but if we do, we have means of doing it. I hope we do not. I hope the industry can be forced into doing a perfect job on the thing.

Senator O'MAHONEY. Let me say that I can think of nothing that would be more disastrous to your program of reconversion than the development of a situation in the distribution of newsprint which

would compel a substantial number of small papers, daily newspapers, to close down, because that would mean a criticism of your entire program.

Mr. SMALL. I agree. Now, you have the industry, including not only the manufacturers but the newspaper publishers, and the American Publishers Association said: "We recommend this unanimously, that you lift the order."

Our Industry Advisory Committee has an adviser with the small papers, which have said, "We recommend you unanimously lift the order."

The board committee has gone into it twice, and they recommend unanimously.

In other words, you have the whole industry, small and large, and the small ones are very vocal at this present juncture, saying "Yes, we think the order should be lifted."

On the other hand, there is a danger, there is a risk, that we may run into cases where people are not taken care of.

I think it could be handled, I think that in case of need, if the Second War Powers Act were extended, we could throw the order back on very quickly and in the meantime prevent the paper from closing down. We have mechanisms whereby we could do that.

Therefore, under those conditions, it would seem to me the part of wisdom, having the record perfectly clear that the industry itself has guaranteed it can do this job, that on that basis we are suspending the order, if you like, ready to reinforce it on a moment's notice.

Senator O'MAHONEY. I have talked with Mr. Steinman about a particular case. The publisher of a group of newspapers has communicated with me. His contract expires at the end of this year, at the same time that the War Powers Act expires. He has about 3 weeks' supply of newsprint left, and no contract for future supply. Naturally, if this order is lifted and he has no contract and he is dependent upon some arrangement which is to be made between now and the 31st of December, he is in a tough spot, and if there are any others like him throughout the country they are in a tough spot also, because no matter how willing the American Newspaper Association may be in its promise to you, it naturally takes a little time to distribute newsprint.

Mr. STEINMAN. I have been working on that pretty hard since I talked with you, and as of this morning it is solved. We have gotten Holly Mills to agree to supply those papers with their newsprint, and I have a telegram here which I would like to show you. It just came in while we were in the hearing this morning. I think you should emphasize that the publishers had a meeting in New York to set up this industry plan to take care of newspapers.

Senator O'MAHONEY. In this telegram, the very first sentence illustrates the exact points I was making:

While unable to categorically state, will undoubtedly be able to supply paper.

Mr. STEINMAN. If you read further on, you will see he said he shipped a carload.

Senator O'MAHONEY. I see you are going to ship some to Clovis, N. Mex., too. That is Senator Hatch's bailiwick.

Mr. SMALL. That was not by design.

Senator O'MAHONEY. I know it was not; just a pure coincidence.

Mr. STEINMAN. We have been working on that, and that is the result.

Mr. SMALL. Going back again to the point that Dr. Jacobs raised, he thought the Canadians were abusing this privilege, and so on. We produce quarterly now about 2,000,000,000 yards of cotton fabrics. Out of that the Canadians are strictly screened down, and they are getting 20,000,000 yards of gray cloth. It is not much, considering what we are trying to get out of the Canadian. That gives you some concept of the impact of Canadian export on our own economy.

Dr. JACOBS. Senator, may I make a statement on that?

Senator O'MAHONEY. Yes, certainly.

Dr. JACOBS. My statement this morning did not raise any objection to the quantity of the textiles supplied the Canadian manufacturers. We are glad to supply all that you instruct us to supply with your special priorities. We merely request that we be granted the privilege of supplying the gray goods rather than the finished goods, that our finishing plants in this country may finish them rather than having them finished in Canada. I believe Mr. Small probably also will admit that the quantity of finished goods supplied Canada is in excess of the quantity of gray goods.

Mr. SMALL. The total quantity, and I believe these figures are right, of cotton textile exported to Canada is 50,000,000 yards, of which 30,000,000 are finished, and 20,000,000 are gray. That is spread clear across the industry, against all mills. The Canadians have certain needs for gray goods as distinguished from finished goods.

For example, let us assume that all the gray goods went to finishing and were finished. Our electrical industry here in this country is desperately off for fabric to cover cable, wires, and so on. They need gray goods. Finished goods will not work. They need gray goods for that purpose.

The ordinary converters and the mills who are converters cannot finish the goods as they have to be finished for that particular purpose. There is a typical example where there must be some gray goods supplied and not finished goods. And there are many other instances where we need gray goods instead of finished goods.

Dr. JACOBS. I am quite sure, Mr. Chairman, that is absolutely correct, and again I would like to emphasize the point that we raise no question about those goods which are not to be further finished, where they are used in the end product, in the grade.

In requesting our amendment, it is so worded as to not affect that situation. We are only talking. Captain Small, about those items which seem to give the Canadian finishing plants an opportunity at the expense of the American finishing plants.

Senator O'MAHONEY. Have you any comment, Mr. Small, about the amendment which the doctor suggested this morning?

Mr. SMALL. Yes. I do not think that the amendment is well advised. I do not believe that that is the way to handle that specific problem.

The doctor made a comment this morning about the fact that he was getting demands from converters for gray goods which the Spring Mills could furnish as finished goods. The mill, in the first place, is required to accept ratings on the 238 (b) program—40 percent of the fabrics that are involved, approximately, varying with the different fabrics.

If Spring Mills simultaneously operates a converter, and they are converting, and if that converting operation will take 40 percent of Spring Mills' capacity, and guarantee to sell it to garment makers on the ratings, as far as the 238 (b) program is concerned, which is the great bulk of the ratings that are out, they would be entirely in the clear. In other words, they would have provided their own converter, which is that portion of their production which, in turn, would be obligated to sell to garment makers who were making garments under this low-end program. If that were not done, Spring Mills could very readily convert into other classes of fabrics which do not fit into this low-end program at all, and sell them as free goods to the trade.

We need his 40 percent, and he can, if he wishes, and I suppose he is going out and hunt for business under this program. If so, if his converter got contracts with garment makers to supply them with the yardage to the amount of 40 percent of this construction, he would then fulfill his obligation under the 238 (b) program and would not have to supply a converter.

The only other ratings that he has to honor are what we call PriReg 28. That is the hardship case, the bottleneck breaking, the priorities we issue to keep a fellow running at the economic rate.

The total quantity of those are relatively small, and since the beginning of PriReg 28, up until a few days ago, our records show that the whole amount allocated under PriReg 28 is something like 15,000,000 yards, against a total production of two billion and a quarter, and that is over a quarter that I am talking about. That is just a handful, and it is pretty well spread out.

The other is the export side which affects everybody, and the PriReg 28, and then the military ratings.

The military are still buying some fabrics, not much, going down very rapidly, but they still have a need for some fabric, and those MM ratings are filed on the mills.

But, again, the total quantity involved there in the first quarter is way down.

SENATOR O'MAHONEY. Regardless of the total quantity involved, the point, as I got it this morning from Senator Maybank and from the witness, is that a converter who is ready and willing and has the capacity to convert the gray cloth into the finished fabric, in whatever line you want it, is nevertheless prevented from doing that and must surrender that part of his process not to the converter whom you select, but to the converter that the garment manufacturer selects.

MR. SMALL. Or that the Navy and Army select.

SENATOR O'MAHONEY. Of course, the Army and Navy demand is dropping now.

Have I correctly stated that, Dr. Jacobs?

DR. JACOBS. That is correct, sir, and in the case that Mr. Small referred to a few moments ago, quite frequently that piles up these various types of priorities to such an extent that a manufacturer has no free goods left.

That was the case with the Springs Mills, as quoted specifically to me, by Colonel Springs last week.

SENATOR O'MAHONEY. What about this low-end business? Would your converter be able to observe the requirements with respect to low-end production?

Dr. JACOBS. Yes, indeed, sir. Manufacturers generally called integrated mills have, as a historical fact, for many years, been converting goods; styling, advertising, selling, finishing, distributing their goods. That has been a common practice. It has increased during the war because of the narrow margins of profit to which I referred this morning.

Mr. SMALL. What is happening, Senator, is a very peculiar thing. There were some mills that were integrated before the war, the early part of the war, but the trend toward vertical integration has proceeded at an extremely rapid pace in the last 7 or 8 months, and today the mills which are not converters are—as the doctor said—completely swamped with ratings, they are completely out of business, because the integrated mills and their conversion, they sell, or try to sell.

The distribution channels have all been changed by the vertical integration. Some of the functions performed by the converters the mills do not perform.

Now, people go to the converter who has been doing a function for them, some financing, some designing, and they have been dealing with them for years.

That fellow cannot get gray goods. He is out of business. He cannot supply the man who has been dealing with him for years and for whom he has been doing a very real service. They are unable to set up with the mills the relationship that they had with their old converter.

Now, that is just one of the things that are happening, and the main thing, the one thing that we are after and we must get, as long as we have any power under this thing, is that we must take care of these industrial needs.

For example, like the electrical cloth. We must take care of these very rigidly screened foreign requirements, for example, the cotton textiles to Canada, Malaya, or wherever it is.

We must take care of, as long as the program is in existence, a flow of cloth to the low-end producer.

Senator O'MAHONEY. Would the doctor's amendment be an obstacle to that?

Mr. SMALL. If the doctor is doing that, if his converter, or whoever handles it, if his converter operation takes care of 40 percent of his production, he does not have to accept the 238 (b) order, if he is supplying his converter fabric to make 238 (b) fabrics, finished. He is free of any other 238 (b), or C-3 ratings. He knows that.

Dr. JACOBS. That is correct.

Mr. SMALL. The only other ratings that he would get, are MM's or CC's or export, which everybody gets. It may be that this particular mill got an undue portion of those ratings, but in the main, it is spread pretty equitably across the mills.

I think that is probably something that we handled as a special case, but certainly we do not need to amend the basic law to cover every technical detail like this, where an inequity arises, we certainly do not have to amend the basic law to do that. That is susceptible of handling internally.

Senator O'MAHONEY. What is the total amount of fabric which is affected by the situation that you have described?

Dr. JACOBS. The total amount so far that I have been able to get a record of is about 7,000,000 yards and that is, as Mr. Small says, only a drop in the bucket as contrasted with the total gray production.

Mr. Chairman, I am of the opinion, if you will allow me to say it, that if Mr. Small will carry through with his suggestion this morning, and investigation this condition and correct it if it is abused, that that is all he would need, sir.

Mr. SMALL. I will guarantee to do that.

Senator O'MAHONEY. Doctor, you have a guarantee.

Mr. SMALL. I do not guarantee to do it the way he wants it done.

Senator O'MAHONEY. But you do guarantee to investigate it?

Dr. JACOBS. I think we can trust Mr. Small to do it.

Mr. SMALL. Yes, I will investigate it and correct it if necessary.

Senator O'MAHONEY. Thank you very much, Mr. Small.

Mr. SMALL. I think that is the story, Senator.

Senator O'MAHONEY. Now, let us have a little talk about the whole low-end program.

Mr. SMALL. As everybody knows, there has been a drifting of prices for garments up into the higher ranges, and disappearance, a vacuum, created for low-end garments on the shelves of the stores. The correction for that is partially a problem of OPA and partially a problem of CPA.

As our share of the curative measures to be taken, we have said, in essence, to the fellow who makes these selected garments, whether they are women's dresses or children's dresses or men's suits or whatever they are, we have said to them, "If you will use the fabric that we will allot to you to make garments under a color point, we will allot to you so much yardage," depending on his previous record of business and what he has been doing.

We will allocate out of 2,000,000,000 yards of cotton about 185,000,000 to this low-end program, and that goes into shirts, shorts, dresses, and other selected garments, about 90.

Senator O'MAHONEY. About 90 garments, selected garments?

Mr. SMALL. Ninety different garments. Not quite that many, because you have three sizes—men's, women's, and children's. They might be undershirts or shorts and you come down to a relatively few garments, but we cover the basic garments. We have allotted about 185,000,000 yards to that. Those goods flow from the mill to the finisher and the garment maker, and then to the distribution channels, and finally to the retail store. You are beginning to see some results; not very much, because it has taken time. This started only in October, this duplex action, if you like, by OPA and CPA, to try to accomplish this thing. We are working shoulder to shoulder trying to get low-end garments on the shelves. It started in October.

We are beginning to get a trickle of merchandise appearing. I have seen it in the ads, 50-cent and 85-cent shorts advertised. If this appears in the ads, they are then certainly beginning to appear.

We are getting women's garments, \$1.98 dresses and \$2.98 dresses, and so on, which we have not had in the ads for a long, long time. The demand is terrific.

The total demand, as I said in the beginning, is about 3,200,000,000 yards of cotton goods against the supply for the first quarter of 2,100,000,000.

If we did not flow the cloth into the hands of the low-end garment maker, I have no doubt that the same thing that happened all during the early part of the year and last year is that that cloth would be over-finished and would find its way into the hands of the higher-priced garment makers. You have garment making capacities far in excess of the cloth we have. That is the answer to that.

It is an enormously complicated, difficult problem to work out. We are trying to do it in as simple a fashion as we can, but the objective is clear. We want to get 8,000,000 suits made. We want to get a certain number of shirts made below a cut-off point, women's dresses, children's dresses, and so on.

Left to its own devices, the garment industry, the converting industry, and the mill industry have demonstrated that, left to their own devices, we would not get those garments. We believe that we are getting some results now. I believe that the program is working. But, of course, everybody says, or everybody thinks that the fact that we have a program and they cannot walk in the stores the next day and buy what they want, the program is failing.

I saw something in the newspaper this morning that some official of CPA (name unknown to me) had agreed with some official in OPA (also name unknown to me), that the low-end clothing program was failing. I can assure you that I do not think it is, and I believe that we can, week by week, get more, and month by month we will get more.

Senator O'MAHONEY. You say the names were not given?

Mr. SMALL. No. They were unnamed spokesmen.

Senator O'MAHONEY. That is one way to write a story.

Now, these garments of which you have spoken have all been of the character made out of cotton. How about the wool situation?

Mr. SMALL. The same thing is true of wool and with rayon. We have a selected list of garments, and a selected cut-off point, giving us the low-priced garments in each of the fabrics.

Senator O'MAHONEY. You spoke a moment ago of carving the flow of fabrics to go to the low-end manufacturer.

The complaint which has come to me has been not that you have encouraged the low-end manufacturer to make more, but that you have a program which compels the high-grade manufacturer to low-grade his output.

Mr. SMALL. Senator, I am delighted on that one to bow right out of it, because you are talking on an OPA problem over which I have no control whatsoever.

Senator O'MAHONEY. And you are willing to bow out of that?

Mr. SMALL. It is not my business. It is their business, and they can explain that to you.

Senator O'MAHONEY. I think I can understand the enthusiasm with which you expressed your willingness to bow out.

Mr. FIELD. do you care to make any statement?

Mr. FIELD. I would like to have Mr. Ailes or Mr. Ackley go into that, Senator.

Senator O'MAHONEY. Let the gentlemen give their names to the reporter, please, and their official positions.

STATEMENTS OF STEVEN AILES, ASSISTANT GENERAL COUNSEL,
OFFICE OF PRICE ADMINISTRATION, AND GARDNER ACKLEY,
PRICE EXECUTIVE OF THE TEXTILE BRANCH, OFFICE OF PRICE
ADMINISTRATION

Mr. AILES. There are two of us, sir. My name is Steven Ailes. Senator O'MAHONEY. And your position, sir?

Mr. AILES. I am assistant general counsel, Office of Price Administration.

Senator O'MAHONEY. You are an attorney, and not a manufacturer of garments?

Mr. AILES. The other gentleman with me is Mr. Gardner Ackley. He is price executive of the Textile Branch.

Senator O'MAHONEY. Mr. Ackley, will you tell us for the record what was your experience?

Mr. ACKLEY. My experience for the last 5 years has been as a member of the OPA. Before that I came from academic life. I am an economist, and I taught economics at the Ohio State University and University of Michigan.

Senator O'MAHONEY. What was your prior experience, Mr. Ailes?

Mr. AILES. I was a practicing attorney before the war in Martinsburg, W. Va.

Senator O'MAHONEY. So that neither of you had any experience with textiles before the war, before you came to OPA?

Mr. AILES. No, sir. Of course we had people in OPA who had, and I think, as Mr. Field pointed out to you, we are sorry that our people who handle wool specifically are not here today.

Senator O'MAHONEY. Of course that has been one of the difficulties that I encounter in all my hearings. Whenever I called upon OPA to send a witness, the witness who appears is always introduced with an excuse for the nonappearance of the person who really ought to know. Now, you are in no different position from those who have appeared before you. I am willing to listen to you.

Mr. FIELD. This hearing was called for the purpose of discussing the Second War Powers Act, and the notice was very short when this morning the questions about the wool MAP came out. As I told you in the corridor before we came in, Senator, rather than have it go by. I asked Mr. Ailes and Mr. Ackley, who were fully familiar with the program, to come up and be of such assistance to you as they could.

Mr. AILES. I am sorry that Mr. Nye could not be here. Mr. Nye is very conversant with these issues, as you know, but his schedule is such that he could not get away at all today.

Mr. Ackley and I have worked on these programs from the beginning, along with various representatives of the industries and trades which were affected by them.

In connection with the wool MAP, I would like to point out just a little bit how that fits in with our program in general, in clothing, some of the things that we have done, specifically in the wool situation, to make it work, and have Mr. Ackley go into detail on the changes that have actually been made in our dealings with the wool industry, weavers of woolen fabrics.

The increase in the price of clothing has been predominantly one which results from a concentration on continually higher priced lines,

a disappearing of low-end goods, and it became obvious early this year and really at the end of 1944 that if we were going to achieve any stability in clothing prices at all, we would have to work directly on that problem.

We have had ceiling prices, item by item, and items of clothing, fabrics finished and fabrics in the gray, but even if those ceiling prices were observed carefully and specifically in every case, you can still get a big increase in price if manufacturers at all levels concentrate on the production of the items that carry higher prices.

We had extended discussions with the War Production Board, with Mr. Vinson, who was then Director of Economic Stabilization, with representatives of the various trades affected, and finally came out with a clothing program.

The key action in the clothing program was a series of three maximum price orders: SO-108, SO-110, and SO-113. SO-108 applied to the garment level. We considered it to be the very basis of the program. That order required each manufacturer to go back to his 1943 level.

Senator O'MAHONEY. You are now dealing with the garments?

Mr. AILES. That is right, sir.

Senator O'MAHONEY. Which, of course, is not the field of selling to which I was making reference.

Mr. AILES. That is right, sir, but I think it is well to consider one with the other.

The garment orders required each manufacturer to go back to the average level of price which he had in 1943 in each category of garments which he made. It became obvious at once that you could not roll back the garment manufacturers in that fashion. If the fabric supply was also concentrated in higher priced ranges.

In other words, you could not tell a manufacturer that he has to make so many \$2 dresses if the cotton cloth that will go into \$2 dresses is not available. The same applies to woolen and rayon merchandise.

So we worked out maximum average price orders to apply to rayon weavers and to producers of woolen fabrics.

We had a considerable amount of discussion in connection with the woolen industry as to whether 1943 was an appropriate base period for them. There had been a War Production Board order in February. Quite a bit of adulteration was required under that order, and if we went back to that order you would cheapen the quality of the woolen fabrics that were produced. They ultimately used 1944 as the base period for manufacturers of woolen fabrics.

I cannot make the point too strongly that without a control of that nature on the fabrics that the effort to maintain a similar control on the garments is absolutely impossible.

The increase in the average price of wool fabrics has been quite substantial during the war, and if the supplies were not available in the low-price ranges, it would be totally impossible for the garment manufacturers to meet their maximum average prices.

Senator O'MAHONEY. Has OPA raised the ceiling on woolen fabrics?

Mr. AILES. You mean item by item? Or have they raised the MAP?

Senator O'MAHONEY. No; I mean item by item. You have two orders affecting these fabrics: you have a ceiling order and you have MAP.

Mr. AILES. That is correct, sir.

Senator O'MAHONEY. It does not affect the cost but it affects the average price?

Mr. AILES. That is right, sir.

Mr. ACKLEY, do you want to answer that question?

Mr. ACKLEY. Generally speaking, the maximum prices of specific woolen or worsted fabrics are the same as originally set for 1942.

Senator O'MAHONEY. What is the talk, then, about increasing the cotton fabrics if you have not raised the ceiling?

Mr. AILES. We have not raised the price on garments, either, except in very few exceptions.

Senator O'MAHONEY. Now with respect to garments, the story that was unfolded to me was that the garment manufacturer augmented the garment, speaking particularly of women's dresses, with cheap contraptions, of one kind and another that had nothing to do with the fabric, had nothing to do with the ceiling price of the material, but it did increase the cost of the dress.

Mr. AILES. I think it is undoubtedly true, sir, and I would like to point out that our two orders—the garment MAP and the wool MAP—assumed that the garment manufacturers can go back further than we are reducing the fabric prices because there has been a substantial amount of upgrading in garments in addition to what is caused by a change in the fabric picture.

As I pointed out earlier, we have a base period of 1943 for the garment manufacturer, and 1944 for the fabric manufacturer in the mills.

The point is that, although the garment manufacturers have ways of increasing the prices on garments, building higher-priced garments out of lower-priced cloth, there is a low point below which they cannot go.

Some of the upgrading in garments has been the result of the fabric situation. Some has been the result of some freedom of action which garment people have from the nature of their business.

The point is that it was clear that we could not get back anywhere near 1943 or do any kind of a job at all if you did not also lower the average price of woolen fabrics at the same time.

As I pointed out, I think we have lowered the garment prices more, or at least gone back to a base period.

Senator O'MAHONEY. Have you taken into consideration the fact to which I called attention this morning, that whereas in May of this year 77 percent of all woolen fabrics was going to the armed services, the cessation of Army and Navy buying for uniforms has made that supply of fabric available for civilian use?

Mr. AILES. I am not sure what you mean, Senator. Have we taken that into consideration?

Senator O'MAHONEY. Surely. Have you taken that into consideration in this policy?

Mr. AILES. In determining whether these orders are necessary or not?

Senator O'MAHONEY. Yes. Whether or not it is still necessary to prevent the manufacturer from making for the civilian the same

high type of woolen garment that he had when he was in the Army? Of course, I am not going to argue that with you, because it is quite obvious that that is the question that Mr. Nye ought to answer, and we will not pursue it here.

I know the technical end of the story, but this is a practical matter, and I think I ought to be content, Mr. Field, if I should be able to secure from the representatives of OPA who are present here, the same victory, if I may call it such, that was obtained by the spokesman for the cotton industry, who got a guaranty from Mr. Small that his matter would be investigated in good faith. Now, may I get that same guaranty from you, sir?

Mr. FIELD. Certainly, sir. And I may say that pursuant to some development at the hearing in the Wool Committee, there is already under way an investigation, and as I suggested to you before the hearing began, we will be delighted to sit down with you late this week, or at your convenience the first of next week, and talk it out. We certainly stand ready to not only make an investigation in good faith, but to do anything that can be done to make our program more workable and obtain the objectives which I know you share with us.

STATEMENT OF SENATOR JOSEPH C. O'MAHONEY, OF WYOMING

Senator O'MAHONEY. When Congress grants broad powers over industry, as it does in these laws, it is naturally concerned, and its members are concerned about the effect upon the industries and their status. Sometimes that is regarded as rather a petty policy.

I have seen Members of Congress denounced in the press because they undertake to defend the industries of their States. I have heard them criticized sometimes by some of the spokesmen of the agencies, sometimes unnamed spokesmen, Mr. Small, and sometimes I have known just who they were. But with respect to wool you have this situation: Everybody in Government, OPA included, recognizes and publicly states that the wool industry is in a desperate condition—the domestic-wool industry—because of increasing costs of production and because of the low cost of raw wool from the British Dominions.

The facts are that 88 percent of all the wool used by American mills last August came from abroad, were shipped in here over the tariff, and were purchased by our woolen manufacturers at a lower price than that at which the Commodity Credit Corporation could sell the domestic wool.

Now, the Commodity Credit Corporation purchased the domestic wool because otherwise there would have been no purchasers and only the foreign wool would have been bought. But Commodity Credit purchased this wool because it was essential to keep the sheep industry alive in order that we might have the additional meat supply that comes from lamb.

The production of wool is a deficit crop in the United States. We produce far less than is used.

Now, the British Dominions which have a surplus at this moment in excess of 3,000,000,000 pounds consume scarcely more than 6 percent of all the wool that they produce. We consume much more than we produce.

The British Government has organized a wool control for the benefit of the Dominions, and this wool control, this Government agency,

carefully watches the world market in wool, and particularly the United States market in wool.

Recently, when the Commodity Credit Corporation sought to fill some of its stock pile of domestic wool, the price of the British wool was suddenly cut. Witnesses before my committee indicated it was just coincidental. Maybe so, but it was cut, and the Commodity Credit Corporation had to cancel that contract.

Now, this has been an old story. Because of it, several years ago Congress passed this so-called Wool Labeling Act, a law which requires a manufacturer of woolens to label the fabric and compels the retailer to label the garment in the store.

The Federal Trade Commission testifies, without any reservation or equivocation of any kind, that customers now demand to see the wool label because customers want high-grade woolen garments.

Now, Congress passed that "truth in fabric" bill in order to give the consumer the opportunity to demand and receive a wholly woolen fabric, and at the same time, thereby to increase the market for pure wool. There can be no doubt that wool is very much better than cotton. But here comes MAP on top of this, and has the effect of encouraging the manufacture of fabric that cannot carry the wool label, and so operates against the purpose of the law to create a market for woolen goods.

Of course, the intent of MAP is not to adulterate the fabric, and you might say we have no purpose of doing that, but when you adopt a rule which requires a manufacturer to produce low end materials; that is to say, materials at a lower price, you create a condition that drives him into the manufacture of cheaper goods and you sell cheaper material. That seems to be clear.

I explained to you here for the record what the basis is of the complaint of the wool industry. I might add that while this goes on from the point of view of the wool grower, from the point of view of the wool manufacturer, MAP does not apply to the wool manufacturers of Great Britain, and Great Britain is flooding the United States at the moment with advertising material—fortunately not yet with garments—but flooding the market here with advertising material indicating the superior quality of woolen garments which can be and will be manufactured in Great Britain.

We have just signed a loan to Great Britain, the purpose of which is to help build up the export trade of Great Britain. That loan will probably go through, although there has been much criticism of it. I believe personally that we ought to help the British. But when that loan does go through it will tend to improve the exporting ability of the British, and thereby increase the market in the United States for British woolen manufacturers who are competing with American woolen manufacturers who are operating under the handicap of MAP.

There is the story in summary.

I will be very glad to go over it with your people.

Is there any other person here who desires to add to the record on the war powers bill?

I think we have discussed all of the sections.

STATEMENT OF GORDON PEYTON, DEPUTY ASSISTANT ADMINISTRATOR, PRODUCTION AND MARKETING ADMINISTRATION, DEPARTMENT OF AGRICULTURE

Mr. PEYTON. Senator, I would like to second in principle a good bit of what Mr. Small said by way of general reasons for the extension of the War Powers Act, or the authorities under it.

We made a statement at the hearings held in the House, and the facts that we stated there are still substantially true.

Senator O'MAHONEY. Who made the statement in the House?

Mr. PEYTON. Mr. C. W. Kitchen. The only difference now is that at that time we had 48 basic food regulations. At this time we have 43.

Senator O'MAHONEY. Forty-three out of how many?

Mr. PEYTON. Forty-three out of 92 at the beginning of this fiscal year. We have had 170-some-odd altogether, although 93, I believe, is the most we ever had in effect at one time.

Senator O'MAHONEY. So that you have been lifting these food orders like the other agencies?

Mr. PEYTON. That is right, and our policy has been, and I think the record will bear us out in that, to do away with these regulations just as soon as we possibly can, and I think if we have erred in that regard we have erred on the side of taking them off too soon.

For instance, I believe within the next 2 or 3 days we will have to reinstitute a "set aside" order on good and choice meat in order to supply the armed forces overseas. We learned of this situation only this morning as a matter of fact. Currently there is no "set aside" on good choice beef. There is a "set aside" on commercial and utility for the purpose of meeting our foreign relief commitments.

I think the sugar situation is such that control will have to be maintained until we can see our way into increased supplies. I do not see how we can have in sight sufficient sugar supply to do away with controls until certainly September of next year.

I think much the same situation exists in connection with fats and oils. The Far Eastern situation, although clearing and we hope rapidly, has not yet cleared sufficiently for us to see any substantial quantities of fats and oils from that area. We expected, for example, some 25,000 tons of coconut oil from the Philippines, or at least it was estimated we would get that much, for both November and December. Actually I think we only have some 3,500 tons in transit.

I might say that this business of voluntary efforts on the part of the industry has proved very successful with us, but I think it is largely due to the fact that the voluntary cooperation and efforts on the part of the industry have proved to be successful because we stood ready and able to institute controls, if necessary.

I think a lot of voluntary cooperation that we have obtained has been because we had the authority, if we chose, to exercise it.

I think also with regard to the extension of the Second War Powers Act, or the authority under it, beyond June 30, that one of the most potent arguments might well be something that has been hit upon by several of the gentlemen here, and that is that as the end of your authority approaches, the effectiveness of your regulation decreases in pretty exact proportion to that.

I think we can count pretty well "out" the last 3 months of any quota type of restriction.

Necessarily, our personnel must be cut and adjusted to the cessation of this activity, and your enforcement loses its effectiveness, your psychology drops pretty sharply, and so I think if it were generally known and recognized that 3 months hence you would have none of this authority, that your effectiveness in that 3 months' period would be of very little effect.

Consequently, I look to a year's extension of the Second War Powers Act actually to give us only operating authority to about next September.

Senator O'MAHONEY. What is the over-all picture so far as the Department of Agriculture is concerned upon the lifting of these emergency orders, these food orders?

Mr. PEYTON. The stand of the Department, of course, is to get rid of them as quickly as we can, and we feel that certainly with regard to sugar, fats, and oils, and certain food-export controls along with certain food-import controls that we cannot, without drastic disruptions, say that we can discontinue all controls by June 30.

Senator O'MAHONEY. You desire to retain the power so that in the cases of short supply the public interest can be protected?

Mr. PEYTON. That is right, sir.

Senator O'MAHONEY. Thank you very much, Mr. Peyton.

Does anybody else care to add to the record?

STATEMENT OF RICHARD H. FIELD, GENERAL COUNSEL, OFFICE OF PRICE ADMINISTRATION

Mr. FIELD. I would like to. The Office of Price Administration would like to go on record as favoring a year's extension of this act. With respect to rationing, as you know, Mr. Chairman, we administer several rationing programs when the supply agency determines that there is need for rationing, and administer them only so long as the supply agency determines that the need continues.

With respect to stabilization, however, and price control, which is our immediate responsibility, we feel that if, where there is a great scarcity with reference to demand, there is not rationing of items used by the consumer, and there is not allocation or the use of priorities for items used by the manufacturer, that our price structure cannot effectively stand the strain which the letting loose of the controls would bring, and it would enable us much more effectively to do the job which Congress has charged us with, that of keeping the cost of living stable if these powers—to be used only where necessary, of course—are continued for another year.

Senator O'MAHONEY. Does that complete your statement, sir?

Mr. FIELD. Yes, sir.

Senator O'MAHONEY. Thank you very much.

The committee is in receipt of a letter from Senator David I. Walsh, chairman of the Naval Affairs Committee, transmitting a letter from Rear Adm. Harvey F. Johnson, Chairman of the Merchant Marine Council, addressed to Senator Bailey.

I shall make both of these letters a part of the record.

(The letters referred to are as follows:)

UNITED STATES SENATE,
COMMITTEE ON NAVAL AFFAIRS,
December 5, 1945.

Hon. PAT McCARRAN,

*Chairman, Committee on the Judiciary,
United States Senate, Washington, D. C.*

MY DEAR MR. CHAIRMAN: At the request of the Navy Department, I introduced S. 1619, to extend the effectiveness of title V of the Second War Powers Act, 1942, and for other purposes. I intended to hold hearings on this bill at an early date, as I felt that the extension of this section of the act was very essential in order not to delay the Army and Navy demobilization program.

I am informed, however, that H. R. 4780, to amend the Second War Powers Act, 1942, as amended, passed the House on December 3 and was referred to the committee of which you are chairman. Title V, covering waiver of compliance with navigation and vessel inspection laws, in which the Navy Department is so much interested, is covered in the bill H. R. 4780.

I am therefore returning to you, for your consideration the letter addressed to Senator Bailey by the Chairman, Merchant Marine Council, United States Coast Guard, which you referred to this committee under date of November 28, and which sets forth the necessity of having title V of the Second War Powers Act extended.

Sincerely yours,

DAVID I. WALSH.

[Enclosure with above]

UNITED STATES COAST GUARD,
Washington 25, D. C., November 23, 1945.

Hon. JOSIAH W. BAILEY,

*Chairman, Committee on Commerce, United States Senate,
Washington, D. C.*

MY DEAR SENATOR BAILEY: Under the authority of section 501 of the Second War Powers Act, 1942, many of the navigation and vessel inspection laws have been waived by the Commandant of the Coast Guard. The majority of these waivers are still in effect. However, if title V of the Second War Powers Act is not extended the power to grant such waivers will expire on December 31, 1945, and the waivers now in effect will lapse.

In order to fully inform Government departments and agencies and others concerned with the operations of nonpublic vessels of the United States, of the effects to be expected if the waiver power were not extended, public hearings were conducted by the Coast Guard Merchant Marine Council. A preliminary hearing was held in Washington on September 27, 1945, at which representatives of the State Department, Army, Navy, and War Shipping Administration were present. On October 4, 1945, public hearings were held in San Francisco and in New York City, at which were present representatives of the Army, War Shipping Administration, ship operators, and maritime unions.

At these meetings it was explained that with the lapse of the waiver power merchant ships would have to operate in compliance with the peacetime laws, some of which had been waived. The statutes which would have the greatest effects on the operations of these vessels are those which apply to passenger vessels and those which lay down the manning requirements for vessels subject to inspection. These latter require that 65 percent of the deck crew be able seamen; that all licensed officers be citizens of the United States; that from 75 to 100 percent of the unlicensed personnel on board a vessel be citizens, depending on whether or not the vessel is a subsidized vessel; and that there be licensed officers of certain grades on each vessel. Statutes which apply to passenger vessels permit the carriage of only such number of persons, including the crew, as can be accommodated in the lifeboats carried on board. The statute applicable to the carriage of passengers on cargo vessels provides that no more than 12 persons in addition to the crew may be carried.

The effects of vessels having to meet these requirements would be as follows:

(1) Passenger vessels now carrying thousands of troops per ship would, under the law, be permitted to carry only such number as could be accommodated in the lifeboats of the vessel. This would mean that a vessel could carry ap-

proximately only 25 percent of the number of troops now carried under a waiver of the present statute.

(2) Cargo vessels, including Liberty and Victory ships which have been converted to carry 560 and 1,560 troops, respectively, could carry not more than 12 troops without violating the law.

(3) Many ships could sail only if they violated the requirements of the manning statutes. During the months of September and October 1945, for example, there were granted waivers to 1,023 and 1,019 ocean vessels, respectively, which vessels were unable to be manned as required by law.

It is understood that the question of extending the Second War Powers Act is being considered by committees of the Congress. The above information is submitted in the event you wish to apprise the appropriate Senate committee of the results of the failure to extend title V of the Second War Powers Act, 1942, as amended.

By direction of the Commandant.

Very truly yours,

HARVEY F. JOHNSON,
Rear Admiral, USCG,
Chairman, Merchant Marine Council.

Senator O'MAHONEY. The committee is very much indebted to all of you for your appearance here today, and your patience in presenting your testimony, and your replies to our various questions.

The hearing is now adjourned.

(Whereupon, at 4:40 p. m., Monday, December 10, 1945, the committee adjourned.)

APPENDIX

NEW YORK, N. Y., *December 11, 1945.*

SENATE JUDICIARY COMMITTEE,

Washington, D. C.:

I have read in today's Daily News Record the report of the statement of Dr. William P. Jacobs, president of the American Cotton Goods Manufacturers Association. He takes the position that converters are parasites because they serve priorities upon mills for gray goods, upon mills producing gray goods. The converter has always purchased gray goods, not finished goods. The reason the Gray Mills do not wish to honor these priorities is that they can make an additional profit of 10 percent by doing their own finishing. In a normal market, where the supply is normal, these same mills will revert to selling gray goods because the profit will not be large enough to interest them. In my opinion this is the issue: may a mill be an opportunist? It seems to me that under the American system they have this right; however, let's not permit the mills to cloud this issue.

WILLIAM D. DRISCOLL,
Owner, Fordham Textile Co.



OFFICE OF BUDGET AND FINANCE
Legislative Reports and Service Section

79th-1st, No. 219

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued December 12, 1945, for actions of Tuesday, December 11, 1945)

(For staff of the Department only)

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HIGHLIGHTS: Senate committee reported without amendment bill to permit detail of regular army officers to USDA. Senate debated Federal pay bill. Both Houses agreed to second conference report on appropriation-rescission bill. Both Houses agreed to conference report on UNRRA appropriation bill. House received President's recommendation for new UNRRA appropriation. Rep. Manasco announced that conferees have agreed to report reorganization bill.

HOUSE

1. APPROPRIATION RESCISSION BILL. Both Houses agreed to the second conference report on this bill, H. R. 4407 (pp. 11998-2002, 1191). As finally passed, the bill includes the following rescissions:
 - WFA salaries and expenses, \$3,116,894.
 - Emergency supplies for territories and possessions, \$25,000,000.
 - Emergency rubber project, \$1,649,790, with provision that the balance shall be used to liquidate the project, including elimination of remaining plantations, rehabilitation and return of leased lands and disposal of property, and continuation of research until June 30, 1946; provided that balances shall be available until Dec. 31, 1946, to complete the liquidation of the project.
 - FEA, \$3,884,400.
 - ODT, \$3,075,000.
 - Office of Economic Stabilization, \$53,780.
 - Office of Scientific Research and Development, \$56,101,792.
 - Emergency fund for the President, \$45,000,000.
 - Lend-lease, including \$1,351,216,000 for agricultural and other commodities, with provision that the \$500,000,000 price-support fund shall be paid to CCC and continued as a reserve fund; \$600,000,000 contract authorizations.
 - Civil Service Commission, \$2,032,000.
 - Public Buildings Administration, \$750,000.
 - War housing, \$74,355,000.
 - Return of employment offices to States in 100 days.
 - Provision for transfer of funds to agencies liquidating temporary agencies.
 - Provision that crop and livestock estimates (BAE); OFAR; meat inspection (BAI); fruit, vegetable, and specialty crops (BPISAE); foreign plant quarantine (BEPQ); national forest protection and management (FS); and

forest-fire cooperation (FS) appropriations shall be so administered as to avoid deficiencies except for Pay Act expenses which can't be absorbed. This bill will now be sent to the President.

2. UNRRA APPROPRIATION. Both Houses agreed to the conference report on H. J. Res. 266, to appropriate \$550,000,000 additional for UNRRA (pp. 12002-3, 11990-1). This measure will now be sent to the President.

Received from the President a supplemental appropriation estimate of \$1,350,000,000 for UNRRA (H. Doc. 384). To Appropriations Committee. (p.12035.)

3. LABOR. Rejected, 182-200, a resolution for consideration of H. R. 3937, to repeal the Labor Disputes Act and to abolish WLB (pp. 12003-22).

Agreed, 259-108, to a resolution for consideration of H. R. 32, the Hobbs anti-racketeering bill (pp. 12022-7).

4. REORGANIZATION BILL. Chairman Manasco of the Expenditures in the Executive Departments Committee announced that the conferees on this bill, H. R. 4129, have reached an agreement (p. 11997).

SENATE

5. PERSONNEL DETAILS. The Military Affairs Committee reported without amendment S. J. Res. 113, to permit detail of regular army officers to this Department (S. Rept. 841) (p. 11972).

6. FEDERAL PAY BILL. Continued debate on this bill, S. 1415 (pp. 11983-90, 11991-2). Sen. Langer, N. Dak., spoke opposing an increase of 20% but favoring smaller increases (p. 11984). Sen. Downey, Calif., urged 20% increases, citing the increased cost of living and the need for retaining experienced workers (pp. 11984-6). This bill was made the order of business for Dec. 13 (pp. 11991-2).

7. 1ST DEFICIENCY APPROPRIATION BILL, 1946. Agreed to Sen. McKellar's (Tenn.) request for authority to report this bill, H. R. 4805, on Dec. 13 if it is ready at that time (pp. 11990-1).

8. WAR POWERS. The Judiciary Committee reported with amendment H. R. 4780, to amend the Second War Powers Act relative to the duration of such powers (S. Rept. 844) (p. 11972).

9. HEALTH. Passed with amendments S. 191, the Federal-hospital-aid bill (pp. 11973, 11975-83).

10. HOUSING; VETERANS. Began debate on S. J. Res. 122, to authorize additional appropriations to provide housing for veterans (pp. 11992-5).

11. RESEARCH. Sen. Mead, N. Y., inserted a N. Y. College and Universities Assn. resolution urging deferment of science students from military service (p. 11971).

12. FARM LOANS; MISSOURI VALLEY AUTHORITY. Sen. Langer, N. Dak., inserted a Logan County (N. Dak.) Farmers' Union resolution recommending increased farm loans to veterans, favoring establishment of an MVA, and opposing loans to Great Britain (p. 11972).

BILLS INTRODUCED

13. NATURAL RESOURCES. H. R. 4955, by Rep. King, Calif., to establish a national nat-

in some instances. In other words, it may be that the Nansen passports were used for too long a time following World War I. But there can be no question about the tremendously useful and humane and indispensable service rendered by these so-called passports in the years immediately following the war.

It seems to me that there is very great need today for the equivalent of the Nansen passports for the benefit of these refugees and these displaced persons. I know of nothing which presently could take their place, or offer an equivalent protection. I know of nothing we could do to more effectively put hope into hundreds of thousands of human breasts in these hapless areas which suffer the heaviest of postwar burdens.

Therefore, Mr. President, I ask unanimous consent to submit a concurrent resolution for reference to the Committee on Foreign Relations, suggesting that the Department of State inquire into the advisability and feasibility of establishing the equivalent of the so-called Nansen passports, either under the authority of the United Nations Organization, or under the disposition of the Intergovernmental Committee on Refugee Problems now existing, with headquarters in London.

I hope the matter may have early exploration. It seems to me, I repeat, that it offers a degree of hope to hundreds of thousands of these displaced persons who otherwise confront a very bleak and hazardous prospectus. I may say that a similar resolution is being presented in the House of Representatives today by Representative Luce, of Connecticut.

The PRESIDENT pro tempore. Without objection, the petitions and concurrent resolution will be received and referred to the Committee on Foreign Relations as requested by the Senator from Michigan.

The concurrent resolution (S. Con. Res. 42), submitted by Mr. VANDENBERG, is as follows:

Whereas there are now in the areas occupied by Allied military forces many thousands of refugees, including persons who have been uprooted from their native areas to which they fear to return because of the probability of persecution for their political beliefs; and

Whereas following World War I, so-called Nansen passports were provided under the auspices of the League of Nations to meet the needs of such persons, and did meet those needs: Therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the State Department be requested to explore and promptly report on the subject of such refugees with a view to relieving immediately their present intolerable situation, either by means of appropriate international machinery within the existing framework of the United Nations Organization to legitimize and register the civil status of, and provide cards of identity for all stateless persons who are now in any area occupied by any armed forces of a constituent member nation of the United Nations Organization, or, by giving sufficient and proper authority for the above purposes to the Intergovernmental Committee on Refugee Problems now existing with headquarters in London.

For the purpose of this resolution, a stateless person shall be understood to mean "any individual, free of criminal charges against him, who does not want to return to his former area because of the probability of persecution."

OFFICER'S STATUS FOR MERCHANT MARINE RADIO OPERATORS—RESOLUTION OF LOCAL 1227, UNITED ELECTRICAL, RADIO, AND MACHINE WORKERS, CIO

Mr. MEAD. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a resolution which was adopted on November 16, 1945, by Local 1227, United Electrical, Radio, and Machine Workers, CIO. The resolution is in support of Senate bill 1458, which was introduced by the Senator from Oregon [Mr. MORSE] in behalf of himself and me, to amend the definition of vessels of the United States and officers so as to include within the term "officers" chief radiotelegraph operator and assistant radiotelegraph operator.

I also ask to have printed with the resolution a copy of Senate bill 1458.

There being no objection, the resolution was received and referred to the Committee on Commerce, and Senate bill 1458 and the resolution were ordered to be printed in the RECORD, as follows:

Whereas marine radio telegraph operators in the American merchant marine perform a critically important function aboard merchant ships for which they are qualified by training and experience and for which they are licensed by the Federal Communications Commission; and

Whereas marine radio operators are the only licensed personnel aboard merchant ships which have not yet received official recognition of their proper status; and

Whereas marine radio operators are recognized as and accorded the status of officers in many foreign countries; and

Whereas recognition of officer's status was given during the war by the United States Maritime Service, which established officer's rating for marine radio operators; and

Whereas in over 150 collective-bargaining agreements held by ACA-CIO with shipping companies, the status of radio officers is recognized; and

Whereas the radio telegraph operator's devotion to duty has become a tradition of the sea and has been marked during the recent war by a heroic record of sacrifice and performance: Now, therefore, be it

Resolved, That Local 1227, UERMWA, CIO, hereby goes on record in support of the principle of legislation providing officer's status for merchant marine radio operators, and calls upon you to support and vote for such legislation.

S. 1458

A bill to amend the definition of vessels of the United States and officers so as to include within the term "officers" chief radio-telegraph operator and assistant radio-telegraph operator

Be it enacted, etc., That Revised Statute, page 4131 (46 U. S. C. 221), be amended as follows:

"Sec. 221. Vessels of United States and officers defined: Officers to be citizens.

"Vessels registered pursuant to law and no others, except such as shall be duly qualified according to law for carrying on the coasting or fishing trade, shall be deemed vessels of the United States, and entitled to the benefits and privileges appertaining to such vessels; but no such vessel shall enjoy such benefits and privileges longer than it shall continue to be wholly owned by a citizen or citizens of the United States or a corporation created under the laws of any of the States thereof, and be commanded by a citizen of the United States. And all the officers of vessels of the United States who shall have charge of a watch, including pilots, shall in all cases be citizens of the United States.

"The word 'officers' shall include the chief engineer and chief radio-telegraph operator, and each assistant engineer and assistant radio-telegraph operator, in charge of a watch on vessels propelled wholly or in part by steam, and no person shall be qualified to hold a license as a commander or watch officer of a merchant vessel of the United States who is not a native-born citizen or whose naturalization as a citizen shall not have been fully completed.

"In cases where on a foreign voyage, or on a voyage from an Atlantic to a Pacific port of the United States, any such vessel is for any reason deprived of the services of an officer below the grade of master, his place, or a vacancy caused by the promotion of another officer to such place, may be supplied by a person not a citizen of the United States until the first return of such vessel to its home port; and such vessel shall not be liable to any penalty or penal tax for such employment of an alien officer (Rev. Stat. 4131, June 26, 1834, ch. 121, par. 1, 23 Stat. 53; Rev. Stat. 4131, May 28, 1896, ch. 255, pars. 1, 3, 29, Stat. 188, 189)."

SHORTAGE OF TECHNICAL AND MANAGERIAL PERSONNEL—RESOLUTION OF ASSOCIATION OF COLLEGES AND UNIVERSITIES OF THE STATE OF NEW YORK

Mr. MEAD. Mr. President, I ask unanimous consent to present for appropriate reference and printing in the RECORD a resolution which was adopted by unanimous vote at the annual convention of the Association of Colleges and Universities of the State of New York on February 22, 1945. The resolution reads, in part, as follows:

Resolved, That the Director of Selective Service be urged to modify the present rulings in order to permit the deferment of college and university students who are preparing for service in areas of critical national need; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the Director of Selective Service, and the Members of the Senate and House of Representatives of the United States.

The resolution is signed John M. Potter, secretary.

There being no objection, the resolution was received, referred to the Committee on Military Affairs, and ordered to be printed in the RECORD, as follows:

Whereas during the next 5 years American industry will be severely crippled by a shortage of engineers, chemists, physicists, and other technical and managerial personnel; and

Whereas the flow of trained men into these important fields has long been cut off at its source by the operation of selective service; and

Whereas the lack of scientists and engineers is already delaying peacetime developments; and

Whereas the damage to our economy by this short-sighted policy will not be fully evident for at least another year; and

Whereas Canada, England, China, and Russia have all deferred engineering and scientific and other students from military service in the belief that such a policy advances their national interest: Now, therefore, be it

Resolved, That the Director of Selective Service be urged to modify the present rulings in order to permit the deferment of college and university students who are preparing for service in areas of critical national need; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States, the Director of Selective Service, and the Members of the Senate and House of Representatives of the United States.

RESOLUTIONS OF FARMERS' UNION MEMBERS OF LOGAN COUNTY, N. DAK.

Mr. LANGER. Mr. President, a few days ago the members of the Farmers' Union of Logan County, N. Dak., comprising 335 members, met and adopted resolutions to the following effect:

First. Opposing universal military peacetime conscription;

Second. Advocating the Missouri Valley Authority proposal on the plan of the Tennessee Valley Authority;

Third. Recommending amendment of the GI bill of rights, since \$2,000 is not enough for anybody to start farming under present conditions;

Fourth. Opposing additional loans to England or any other country, since the Government has about \$300,000,000,000 of debt at the present time, and stating that we should first take care of our own people, including the veterans; and

Fifth. Opposing the sale of State and school lands in North Dakota to speculators and advocating that returning veterans be given the first preference.

The resolution is duly attested and signed by the resolutions committee, consisting of George J. Lubbers, of Burnstad, N. Dak.; Pius M. Reis, of Kintyre, N. Dak., and Martin Schwartzenberger, of Napoleon, N. Dak.

The resolutions were sent to me by John M. Gross, secretary, of Kintyre, N. Dak.

It was ordered in the resolutions that copies be sent also to Senator Young, Representatives William Lemke and Charles R. Robertson, and Gov. Fred G. Aandahl.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSON of Colorado, from the Committee on Military Affairs:

S. 1523. A bill to modify the time limitations governing the award of certain military and naval decorations for acts performed during the present war; without amendment (Rept. No. 840); and

S. J. Res. 113. Joint resolution to preserve the status and prerequisites of officers of the United States Army detailed to duty in the Department of Agriculture, and for other purposes; without amendment (Rept. No. 841).

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

H. R. 1236. A bill to authorize the Secretary of War to quitclaim to Chanslor-Canfield Midway Oil Co. subsurface mineral and water rights in two hundred and eleven and thirty-six one-hundredths acres of land in the county of Los Angeles, Calif.; without amendment (Rept. No. 842); and

H. R. 2965. A bill to permit the inclusion of land occupied by Dibble General Hospital within the corporate limits of the city of Menlo Park, Calif.; without amendment (Rept. No. 843).

By Mr. O'MAHONEY, from the Committee on the Judiciary:

H. R. 4780. A bill to amend the Second War Powers Act, 1942, as amended, with an amendment (Rept. No. 844).

BILL INTRODUCED

Mr. JOHNSON of Colorado introduced a bill (S. 1677) to amend certain provisions of the National Service Life Insurance Act of 1940, as amended, which was read twice by its title and referred to the Committee on Finance.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as follows:

H. R. 2536. An act to amend the Interstate Commerce Act, with respect to certain agreements between carriers; to the Committee on Interstate Commerce.

H. R. 3995. An act to extend the provisions of the act of July 14, 1945, providing for an adjustment of salaries of the Metropolitan Police, the United States Park Police, the White House Police, and the members of the Fire Department of the District of Columbia, to pilots and marine engineers of the Fire Department; to the Committee on the District of Columbia.

H. R. 4857. An act to expedite the admission to the United States of alien spouses and alien minor children of citizen members of the United States armed forces; to the Committee on Immigration.

PRINTING OF ADDITIONAL COPIES OF PEARL HARBOR INVESTIGATION HEARINGS

Mr. BARKLEY submitted the following concurrent resolution (S. Con. Res. 43), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Joint Congressional Committee on the Investigation of the Pearl Harbor Attack be, and is hereby, authorized and empowered to have printed for its use 5,000 additional copies of each part of the hearings held before said joint committee during the Seventy-ninth Congress, pursuant to Senate Concurrent Resolution 27, a concurrent resolution to investigate the attack on Pearl Harbor on December 7, 1941, and events and circumstances relating thereto.

PAYMENTS FROM THE CONTINGENT FUND IN CONNECTION WITH INQUIRIES AND INVESTIGATIONS—EXTENSION OF EFFECTIVE DATE

Mr. LA FOLLETTE submitted the following resolution (S. Res. 201), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the provisions of Senate Resolution 77 of the Seventy-ninth Congress, first session, relative to payments from the contingent fund of the Senate in connection with inquiries and investigations, shall become effective on July 1, 1946, or upon the date of completion of the reorganization of Congress as may be recommended by the Joint Committee on the Organization of Congress, pursuant to House Concurrent Resolution 18 of the Seventy-ninth Congress, whichever date is the earlier.

L. WILMOTH HODGES

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 874) for the relief of L. Wilmoth Hodges and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ELLENDER. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. EASTLAND, and Mr. MORSE conferees on the part of the Senate.

JOSEPHINE BENHAM

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 1457) for the relief of Josephine Benham and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ELLENDER. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. O'DANIEL, and Mr. WILSON, conferees on the part of the Senate.

ALBERT E. SEVERNS

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 2335) for the relief of Albert E. Severns and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ELLENDER. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. O'DANIEL, and Mr. CAPPER, conferees on the part of the Senate.

JAMES LYNCH

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 2835) for the relief of James Lynch and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ELLENDER. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. ELLENDER, Mr. O'DANIEL, and Mr. CAPPER, conferees on the part of the Senate.

ADDRESS BY SENATOR SHIPSTEAD BEFORE LUTHERAN MEN'S COUNCIL

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD an address delivered by him before the Lutheran Men's Council at Chicago, Ill., October 28, 1945, which appears in the Appendix.]

OFFICIAL INHUMANITY—ARTICLE BY THE EDITOR OF THE LUTHERAN OUTLOOK

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD an article entitled "Official Inhumanity" by the editor of the Lutheran Outlook of November 1945, which appears in the Appendix.]

SLAVE LABOR IN EUROPE—EDITORIAL FROM THE ST. PAUL (MINN.) WANDERER

[Mr. SHIPSTEAD asked and obtained leave to have printed in the RECORD an editorial entitled "Slave Labor in Europe," published in the St. Paul (Minn.) Wanderer of the issue October 4, 1945, which appears in the Appendix.]

AMENDING THE SECOND WAR POWERS ACT, 1942, AS
AMENDED

DECEMBER 11 (legislative day, OCTOBER 29), 1945.—Ordered to be printed

Mr. O'MAHONEY, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H. R. 4780]

The Committee on the Judiciary, to whom was referred the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended, after consideration, report favorably thereon with the recommendation that the bill be amended as hereinafter indicated and that, as amended, the bill do pass.

STATEMENT

Page 2, lines 19 and 20, strike out the words and figures "June 30" and insert in lieu thereof "December 31."

The Second War Powers Act, which was approved March 27, 1942, consisted of XV titles, of which title VI, title VIII, title IX, title X, and title XIII are not affected by the pending act for the reason that such titles were originally permanent legislation without a termination date, or have been otherwise extended by legislation already enacted. The remaining titles, I to V, inclusive, VII, XI, and XIV are extended by this act, and title XV is amended by the amendment above suggested, which extends the period of effectiveness of the titles listed in this sentence to December 31, 1946.

It is understood by the committee in recommending the extension to December 31, 1946, instead of to June 30, 1946, as passed by the House, that it is the intention of the Office of War Mobilization and Reconversion and of the various agencies affected to lift all controls as rapidly as possible.

It is also understood by the committee that it will be the purpose of the Office of War Mobilization and Reconversion not to ask for another extension of the Second War Powers Act but, within the extended period provided by the pending act, to make specific recommendations to the Congress if future conditions should indicate that any controls should be maintained for a longer period. The Civilian

Production Administration also gave assurance to the committee that industry committees would be consulted in all cases in which the extended powers are to be exercised.

Deputy Director Hans A. Klagsbrunn, of the Office of Mobilization and Reconversion, testifying for Director John Snyder, who was detained from the committee hearing by illness, stated the policy of the executive branch of the Government in the following words:

We believe we are working ourselves out of the war controls and out of the dislocations of the war emergency very quickly. * * * We are not saying that we want controls to go on indefinitely, or on into our domestic peace economy. It is only during the period in which we are correcting the dislocations of the war economy. * * * If dislocation controls were necessary for a longer time, it would be for the Government to come up to Congress for those controls and ask for fresh legislation. It would not be a matter of continuation of a war control.

It is our view, as we have shown, we think, by our own actions in cutting out controls, that we should continue the same process in the elimination of the present controls over a reasonably short period.

The record before the committee shows that the peak number of orders and directives at any time during the war was 3,967, and that these were suspended so rapidly after VE- and VJ-days that less than 220 are now outstanding.

Mr. John D. Small, Administrator of the Civilian Production Administration, which has succeeded the War Production Administration, testified at length before the committee and expressed to the committee the same purpose of rapidly lifting controls wherever possible, as that expressed by Mr. Klagsbrunn. He told the committee that it would be the purpose of the Civilian Production Administration to maintain controls only in the case of commodities of short supply for the purpose of equitably distributing supplies among the businesses and industries of the country and to carry out the foreign commitments of the Government. The position of Mr. Small, which was also taken by other Government witnesses before the committee, is expressed in the following colloquy:

Mr. SMALL. My own feeling is, Senator, I am a very strong advocate of the Government lifting these controls and setting industry free at the earliest possible moment. Every order and every control that we have on our books is reviewed frequently.

As a matter of fact, I go over every 2 or 3 days to find out, and to reinforce my own feeling, that this control and that control must be kept on. The burden of proof is on the man who wants to keep the control on the people, to say that this problem is so acute on this particular phase, whatever it is, that it is so acute that we must keep this on.

The people in our organization came from industry. They want to go back to industry. They do not want to stay here to build up something that will last for a long time. But during this transition period of a relatively short time, there are some things that, in my sincere judgment, we must continue to exercise control on, else we have a measure of chaos. We have all reconversion bogged down because of a lack of a few bits and pieces here; something comparable to the war effort before we put CPA into effect.

Senator O'MAHONEY. Your position, and it constitutes an assurance to the committee and therefore to Congress, is that your policy is to lift the controls as rapidly as possible. You demonstrate that that is your policy by citing the record of the lifting of by far the great majority of all the controls that were in effect on VE and VJ-day?

Mr. SMALL. That is right.

Senator O'MAHONEY. And you state to us that despite your desire to lift controls, there are certain cases, particularly those in which we have short supplies of certain commodities, in which, in your judgment, it is essential that the controls should continue to exist or at least the power to make them effective should continue to exist and that, in your opinion, a 6-month extension is not sufficient?

Mr. SMALL. That is right.

Senator O'MAHONEY. And you state to us, furthermore, that if this extension for a year is granted, your policy will be in the future as in the past, to lift the controls as rapidly as possible?

Mr. SMALL. Yes, sir. Then, at some time along the middle or the latter part of next year, if it then becomes apparent that any one of these controls, specifically, single controls, may be necessary, I think that the Administration can then come to you and ask not for an extension of the Second War Powers beyond the end of this year, but ask for an extension of, for example, tin control, or something like that.

A brief description of the titles of the War Powers Act of 1942 which are affected by the pending act is as follows:

TITLE I—EMERGENCY POWERS OF THE INTERSTATE COMMERCE COMMISSION OVER MOTOR AND WATER CARRIERS

Although the Office of Defense Transportation has canceled all of its orders and does not ask for extension of this title so far as land transport is concerned, the War Shipping Administration urges the extension in order that it may meet problems that still arise in transportation on the high seas.

TITLE II—ACQUISITION AND DISPOSITION OF PROPERTY

This title constituted an amendment of the act of July 2, 1917, authorizing the acquisition by the Government of real or personal property for war purposes. As enacted, it authorized the taking possession of property before condemnation proceedings had been completed. The House has amended this title to repeal the authority to acquire property, or any use or interest therein but the extension is necessary so that departments and agencies which have acquired property may dispose of it.

TITLE III—PRIORITIES POWERS

It was title III that created the power to grant priorities and to allocate and ration commodities. Although, as already indicated, most of the orders and directives issued under this power have already been canceled, it is desirable to maintain the authority in order that commodities which are in short supply, like lumber, tin, rubber, sugar, and the like may be equitably distributed to the people and to the industries of the United States. Foreign commitments also must be protected as, for example, by the export of textiles, to areas such as Malaya from which we hope to import tin and rubber, of which we have only inadequate supplies. Rationing will be necessary, at least until the sugar-beet harvest in the fall of 1946, because of the continued inadequacy of importations of sugar.

TITLE IV—PURCHASE BY FEDERAL RESERVE BANKS OF GOVERNMENT OBLIGATIONS

The War Powers Act of 1942 gives the Treasury the power to sell directly to the Federal Reserve banks not to exceed \$5,000,000,000 worth of securities at any one time. Without this provision, it would be necessary in some cases to buy the securities in the open market and the Treasury would be required to pay substantial sums in fees and commissions, which are avoided by the exercise of this power.

The Treasury Department and the Federal Reserve Board both appeared before the committee and recommended the extension of the power as in the public interest during the next calendar year.

TITLE V—WAIVER OF NAVIGATION AND INSPECTION LAWS

Without this power to waive the navigation and inspection laws, transportation of troops by water would be made very much more difficult. The rules which are necessary and desirable in time of peace for vessels carrying passengers are not necessary in time of war nor in times of demobilization, and it seems desirable to continue this power so long as we have men overseas in large numbers.

TITLE VII—POLITICAL ACTIVITY

By this title volunteer employees and employees serving only part time or with only nominal compensation, with ration boards and other Government organizations, are exempted from the provisions of the Hatch Act. Without this exemption, it would be impossible to man price rationing boards and the like.

TITLE XI—ACCEPTANCE OF CONDITIONAL GIFTS TO FURTHER THE WAR PROGRAM

As amended by the House and as approved by this committee, this title, as extended, would authorize only contributions for the benefit of the personnel of the armed forces of the United States stationed abroad.

TITLE XII—COINAGE OF 5-CENT PIECES

This title authorized the Director of the Mint to coin 5-cent pieces until December 31, 1946, from silver and copper, 50 percent each. Nickel is now available for the coinage of 5-cent pieces. Title XII, therefore, is amended to repeal the authority to use silver and copper on December 31, 1946.

TITLE XIV—UTILIZATION OF VITAL WAR INFORMATION

By the authority of this title Government agencies have had the power to collect and disseminate statistical data within the Government. The Bureau of the Census, for example, has statistical material which would not otherwise be available to the Civilian Production Administration. It is desirable that this power should continue as long as the priority powers particularly are in effect.

TITLE XV—TIME LIMIT AND SHORT TITLE

This is the title which is amended to postpone the expiration date of the titles which are affected by the act.

The following titles of the Second War Powers Act are not affected by the pending act:

TITLE VI—POWER TO REQUISITION

This power has already been extended until June 30, 1946, and the Office of War Mobilization and Reconversion testifies that its further extension is not required.

TITLE VIII—PROTECTION OF WAR INDUSTRIES AND PROTECTION OF RESOURCES SUBJECT TO HAZARDS OF FOREST FIRES

The limitation date on this section has already passed and no extension is necessary.

TITLE IX—FREE POSTAGE FOR SOLDIERS, SAILORS, AND MARINES

This provision has been made permanent law by the act of October 6, 1945 (Public Law 190 of the 79th Cong.) and should therefore be eliminated from the Second War Powers Act.

TITLE X—NATURALIZATION OF PERSONS SERVING IN THE ARMED FORCES OF THE UNITED STATES DURING THE PRESENT WAR

This title was enacted without expiration date. It is permanent law and therefore no action is required in this legislation.

TITLE XIII—INSPECTION AND AUDIT OF WAR CONTRACTORS

This title likewise is permanent law and requires no extension.



Calendar No. 851

79TH CONGRESS
1ST SESSION

H. R. 4780

[Report No. 844]

IN THE SENATE OF THE UNITED STATES

DECEMBER 4 (legislative day, OCTOBER 29), 1945

Read twice and referred to the Committee on the Judiciary

DECEMBER 11 (legislative day, OCTOBER 29), 1945

Reported by Mr. O'MAHONEY, with an amendment

[Omit the part struck through and insert the part printed in italic]

AN ACT

To amend the Second War Powers Act, 1942, as amended.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) title II of the Second War Powers Act, 1942,
4 as amended, is amended by adding thereto the following
5 section:

6 “SEC. 202. The authority to acquire property, or any
7 use thereof or interest therein, granted by section 2 of such
8 Act of July 2, 1917, shall not be exercised after the date
9 upon which this section becomes effective.”

1 (b) Title IX of the Second War Powers Act, 1942,
2 as amended, is hereby repealed.

3 (c) Title XI of the Second War Powers Act, 1942, as
4 amended, is hereby amended by adding thereto the following
5 section:

6 "SEC. 1107. On and after January 1, 1946, the au-
7 thority granted by this title shall be exercised only for the
8 benefit of personnel of the armed forces of the United
9 States stationed abroad."

10 (d) Title XII of the Second War Powers Act, 1942, as
11 amended, is hereby amended by substituting the date "De-
12 cember 31, 1945" for the date "December 31, 1946"
13 wherever the latter date appears in such title.

14 (e) Section 1501 of title XV of the Second War Powers
15 Act, 1942, as amended, is hereby amended to read as
16 follows:

17 "SEC. 1501. Titles I to V, inclusive, and titles VII, XI,
18 and XIV of this Act, and the amendments to existing law
19 made by any such title, shall remain in force only until ~~June~~
20 ~~30~~ *December 31*, 1946, or until such earlier time as the
21 Congress by concurrent resolution, or the President, may
22 designate, and after such amendments cease to be in force
23 any provision of law amended thereby shall be in full force
24 and effect as though this Act had not been enacted; but court

1 proceedings brought under any such title shall not abate by
2 reason of the termination hereunder of such title.”

Passed the House of Representatives December 3, 1945.

Attest:

SOUTH TRIMBLE,

Clerk.

79TH CONGRESS
1ST SESSION

H. R. 4780

[Report No. 844]

AN ACT

To amend the Second War Powers Act, 1942,
as amended.

DECEMBER 4 (legislative day, OCTOBER 29), 1945

Read twice and referred to the Committee on the
Judiciary

DECEMBER 11 (legislative day, OCTOBER 29), 1945

Reported with an amendment

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

(For staff of the Department only)

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HIGHLIGHTS: House received conference report on 1st deficiency appropriation bill. Senate passed Federal-pay bill. Rep. Phillips criticized food subsidies. Senate Committee reported bill to provide privileges, etc. to international organizations.

HOUSE

~~1. FIRST DEFICIENCY APPROPRIATION BILL, 1946. Received the conference report on this bill, H.R.4805 (pp. 12490-2). As reported the bill provides:~~

~~E&PQ, salaries and expenses (foreign plant quarantine), \$187,500 (House, \$125,000; Senate, \$250,000).~~

~~FS, forest protection and management, \$300,000 (Senate) and forest roads and trails, \$4,000,000, of which \$2,000,000 is for forest development roads and trails and \$2,000,000 is for forest highways.~~

~~Commodity Credit Corporation, \$762,000 for salaries and administrative expenses, payable from CCC funds.~~

~~Marketing Service, Insecticide Act, \$26,500 (Senate).~~

~~Wage stabilization, \$98,700 increase in limitation on existing WFA funds to carry out this program through the fiscal year 1946 (Senate).~~

~~Farm labor supply program, \$25,000,000 (Senate figure; House, \$14,000,000), plus unexpended balance; provides that at least \$7,000,000 (Senate figure; House, \$5,000,000) must be apportioned among the States; limits labor supply center construction by extension services to \$100,000; makes \$562,023 additional available for administrative expenses; and permits the admission of agricultural workers into the U.S. through Dec. 31, 1946.~~

~~UNRRA, \$750,000,000.~~

~~Budget Bureau, \$56,800 (for corporation budget work).~~

~~CSC, \$600,000, (Senate, \$1,200,000).~~

~~Public-works planning, \$12,500,000 (House figure; Senate, \$25,000,000).~~

~~Federal highways (FWA), \$25,000,000.~~

~~GAO, \$2,673,900.~~

~~Census Bureau, \$2,435,000 (House, \$1,970,000; Senate, \$3,295,000).~~

~~Surplus property: Provides that hereafter proceeds from surplus-property~~

dispositions shall be set aside in a special fund; appropriates this fund, not to exceed \$170,000,000 for the fiscal year 1946, to the Surplus Property Administrator for allocation or reimbursement to disposal and service agencies.

Motor vehicle parking, agency, \$5,000 (Senate).

Bureau of Reclamation, \$81,462,300 (House, \$77,206,100; Senate, \$85,491,300
FAO, \$577,000.

Judgments and claims.

The school-lunch and the veterans' housing items were reported in disagreement. The House conferees agreed to recommend concurrence in the Senate school-lunch amendment with an amendment making available an additional amount of \$7,500,000

2. **SUBSIDIES.** Rep. Phillips, Calif., criticized food subsidies and commended Secretary Anderson's "efforts to bring a semblance of order into the confused and chaotic picture of food production and distribution (pp. 12487-9).
3. **UNO BILL.** Passed, 344-15, with amendments this bill, S. 1580 (pp. 12452-71). Rep. Vorys, Ohio, criticized UNRRA administration (pp. 12457-8).
Reps. Bloom, L.A. Johnson, and Eaton and Sens. Connally, Wagner, Thomas (Utah), LaFollette, and Vandenberg were appointed conferees on this bill (pp. 12487, 12447).
4. **VETERANS; HOUSING.** Passed with amendment S.J. Res. 122, to provide adequate housing for veterans (pp. 12471-87). Agreed to Rep. McMillen's (Ill.) amendment to provide for reimbursement to educational institutions, local public agencies, or nonprofit organizations out of available funds provided by the 1st Deficiency Appropriation Bill, 1946, for expenses incurred in providing veterans' housing (pp. 12485-6).
5. **SURPLUS PROPERTY.** Rep. Elliott, Calif., criticized the "run-around" given to veterans in the disposal of surplus property, referring particularly to farm machinery and tractors (p. 12451).
6. **HOUSING.** Rep. Weichel, Ohio, criticized the proposed destruction of homes at Sandusky, Ohio (p. 12489).

SENATE

7. **FEDERAL PAY BILL.** Passed, 62-3, with amendment S. 1415, to provide salary increases for Federal employees (pp. 12421-3, 12423-37).
Agreed, 47-19, to Sen. Byrd's (Va.) amendment to amend the Federal Employees Pay Act of 1945 so as to provide for a prorated increase in Federal salaries as follows: an increase of 36% on the first \$1,200, 12% of that part over \$1,200 but not over \$4,600, and 9% of that part over \$4,600 (pp. 12428-36).
8. **INTERNATIONAL ORGANIZATIONS.** The Finance Committee reported with amendments H.R. 4489, to grant certain privileges, exemptions, etc., to employees of international organizations (p. 12417).
9. **PERSONNEL; RETIREMENT.** Agreed to Sen. Downey's (Calif.) motion to concur in the House amendment to S. 405, to amend the Civil Service Retirement Act so as to provide full credit, toward retirement, for military service (pp. 12421, 12423). The House amendment struck out the provision allowing optional credit for military service, without deposit, in lieu of leave credit, without reduction in annuity benefits. This bill will now be sent to the President.
10. **WAR POWERS.** Began debate on H.R. 4780, to continue the Second War Powers Act (pp. 12444-5).

1. NOMINATION. The Banking and Currency Committee reported the nomination of C.E. Gauss to be a member of the Export-Import Bank Board of Directors (p.12448).
2. SURPLUS PROPERTY. Received Surplus Property Administrator's proposed legislation to designate the State Department as disposal agency for surplus property outside the continental U.S. To Military Affairs Committee. (p. 12416.)
Received the Surplus Property Administrator's report on surplus chemical plants and facilities. To Military Affairs Committee. (p. 12416.)
3. PERSONNEL. Received CSC's proposed legislation to prohibit the purchase and sale of public office. To Judiciary Committee. (p. 12416.)
4. PRICE MAINTENANCE. Received FTC's report on resale price maintenance. To Interstate Commerce Committee. (p. 12416.)
5. COMMITTEE ASSIGNMENTS. Sen. Cordon, Oreg., was excused from the Agriculture and Forestry Committee, and Sen. Smith, N.J., from the Judiciary Committee; and the following committee assignments were made: Sen. Knowland, Calif., Agriculture and Forestry Committee; Sen. Cordon, Oreg., Appropriations Committee; Sen. Capehart, Ind., Banking and Currency Committee; Sen. Saltonstall, Mass., Finance Committee; and Sen. Stanfill, Ky., Judiciary, Irrigation and Reclamation, and Public Lands and Surveys Committees (pp. 12415-6).
6. FEDERAL RESERVE SYSTEM. Sen. Hickenlooper, Iowa, inserted his statement and a New York Times article, urging careful consideration of the provision in H.R. 4780 which would continue further purchase of Government security direct from the Treasury by the Federal Reserve System (pp. 12446-7).

BILLS INTRODUCED

17. NATIONAL DEFENSE. S.J. Res. 127, by Sen. Capehart, Ind., to provide for a commission to investigate and study the defense needs of the U.S. To Military Affairs Committee. (p. 12417.) Remarks of author (12418-9).
18. TRANSPORTATION. S. 1705, by Sen. McCarran, Neb., to provide for consuses of manufactures, mineral industries, business and distribution, and transportation. To Commerce Committee. Remarks of author (p. 12417).
19. CENSUS. S. 1700, by Sen. Bilbo, Miss., to provide for the collection and publication of statistical information by the Bureau of the Census. To Commerce Committee. (p. 12417.)
20. SURPLUS PROPERTY. H.R. 5043, by Rep. Wickersham, Okla., to grant first preference to servicemen and veterans in the purchase of surplus property useful in the establishment and maintenance of their own small business, professional, or agricultural enterprise. To Expenditures in the Executive Departments Committee. (p. 12493.)
21. LUMBER; EXPORTS. H. J. Res. 293, by Rep. Sabath, Ill., to prohibit the exportation from the U.S. of lumber and other building materials. To Ways and Means Committee. (p. 12493.)

ITEMS IN APPENDIX

22. HOUSING; VETERANS. Sen. Ellender, La., inserted veterans' statements favoring S. 1592, to establish a national housing policy (pp. A6017-22).
Rep. Koppleman, Conn., inserted his recent radio address (p. A6041-2), Rep. Bicmillier, Wis., a Milwaukee City Council resolution (p. A6056), and Rep.

Patterson, Calif., extended his remarks (pp. A6068-9) in favor of S. 1592; and Rep. Madden, Ind., inserted a Gary Post-Tribune (Ind.) editorial outlining plans to ease the housing shortage (pp. A6022-3).

23. FOREIGN RELIEF. Sen. Fulbright, Ark., and Rep. Lane, Mass., inserted newspaper articles favoring additional funds for UNRRA (pp. A6024, A6027).
24. SURPLUS PROPERTY; VETERANS. Extension of remarks of Rep. Johnson, Tex., in support of his bill, H.R. 4793, to give veterans priority on surplus commodities, and SP Administrator Symington's statement endorsing the bill (p. A6031).
Extension of remarks of Rep. Cochran, Mo., supporting Mr. Symington's stand, and including a veteran's letter explaining his difficulty in trying to purchase one of this Department's surplus cars (p. A6057).
25. RURAL ELECTRIFICATION. Rep. Hoeven, Iowa, inserted a Buena Vista County (Iowa) REA Co-op resolution favoring increased appropriations for REA and consideration of farm productivity rather than the number of farms in allotment of funds (p. A6050).
26. PRICE CONTROL; LUMBER. Extension of remarks of Rep. Gillie, Ind., claiming that OPA policy will "wipe out" small business (p. A6051), and by Rep. Miller, Nebr., calling for investigation of the export of lumber and blaming OPA policy for much of the export (pp. A6051-2).
27. LABOR. Rep. Colmer, Miss., inserted a Washington Star article explaining and favoring H.R. 32, the Hobbs antiracketeering bill (p. A6057).
28. EXTENSION SERVICE. Rep. Larcade, La., inserted a Eunice (La.) New Era article on the National 4-H Club health champion, a La. boy (p. A6061).
29. FARM INCOME. Rep. Traynor, Del., inserted a Wilmington (Del.) Morning News article listing Sussex County (Del.) farm income, 1944 (pp. A6065-6).

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COMMITTEE-HEARINGS ANNOUNCEMENTS for Dec. 19: S. Small Business, OPA price policies; H. Civil Service, no subject given (ex.); H. Military Affairs, military training.

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For supplemental information and copies of legislative material referred to call Ext. 4654, or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.

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the Government purchased seven Austrian ships in 1917.

Representative COCHRAN speaks of billions of dollars. It must have been millions of dollars. We are so used to dealing with billions of dollars that it is easy to make such a mistake. I continue to read:

When the bill was in the House an amendment was offered but it was defeated. I ask the Comptroller General to look over the bill and see whether or not there was anything in the measure that would enable these men to secure ships in settlement of a claim which had been denied by the Court of Claims. His reply is attached.

I hope the bill as it passed the Senate will not enable Carden & Herd to receive any benefit whatsoever as a result of the act.

Mr. President, I am told by the Senator from Maryland that an amendment is in the bill whereby this particular claimant cannot receive any benefits.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the letter from Representative COCHRAN and also one from the Comptroller General of the United States on the subject.

There being no objection, the letters referred to were ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 15, 1945.
Hon. HARRY F. BYRD,
United States Senate.

MY DEAR SENATOR: I understand that you are taking an interest in H. R. 3603, the ship-sales bill.

For 10 years I have been beating an attempt to raid the Treasury of six to seven billion dollars by Carden and Herd, from whom the Government purchased seven Austrian ships in 1917. When the bill was in the House an amendment was offered, but it was defeated. I asked the Comptroller General to look over the bill and see whether or not there was anything in the measure that would enable these men to secure ships in settlement of a claim which had been denied by the Court of Claims. His reply is attached.

I hope the bill as it passes the Senate will not enable Carden and Herd to receive any benefits whatsoever as a result of the act.

Sincerely yours,

JACK COCHRAN.

COMPTROLLER GENERAL OF THE
UNITED STATES,
Washington, October 12, 1945.

Hon. JOHN J. COCHRAN,
House of Representatives.

MY DEAR MR. COCHRAN: I have your letter of October 4, 1945, in which you refer to the pending bill providing for the sale of surplus war-built vessels (H. R. 3603) and to an amendment thereto which Congressman HOBBS asked to have added by unanimous consent to an amendment previously adopted. You state that you were not present at the time, but that objection to the said amendment was offered by Congressman CASE. You request my opinion as to whether the said amendment, if adopted, would admit such claims as the Carden and Herd case.

Section 8 (b) of the bill as it passed the House on October 2, 1945, reads:

"The Commission is also authorized to make available any war-built vessel for transfer to any citizen in complete or partial settlement of any claim of such citizen against the United States (1) for just compensation upon the requisition for title of any vessel which he owned or (2) for in-

demnity for the loss of any vessel owned by him and taken by the United States for use: *Provided*, That the value or price attributed to any war-built vessel made available under the provisions of this subsection shall not be less than the price at and for which such vessel may be sold under the provisions of this act."

The amendment to the said section 8 (b) offered by Congressman HOBBS—apparently that referred to in your letter—would insert a semicolon after the words "United States" and would strike out the following: "(1) for just compensation upon the requisition for title of any vessel which he owned or (2) for indemnity for the loss of any vessel owned by him and taken by the United States for use. (CONGRESSIONAL RECORD, October 2, 1945, p. 9439.) Thus, insofar as is here pertinent, the section, if amended as proposed by Congressman HOBBS, would read: "The Commission is also authorized to make available any war-built vessel for transfer to any citizen in complete or partial settlement of any claim against the United States; * * *."

As you know, the so-called Carden and Herd case involves a claim against the United States arising out of the First World War under circumstances summarized very briefly as follows:

On April 5, 1917, the claimants, Messrs. Carden and Herd, entered into a contract for the purchase of seven Austrian ships from their Austrian owners for \$6,476,073. Thereafter, on April 6, 1917, the claimants entered into a contract for resale of the ships to a syndicate which had been formed for that purpose for \$7,371,141 cash, plus the right of Carden and Herd to operate the ships at the going rate of 5 percent of the gross freight receipts. On April 23, 1917, before the transfer of the ships to the syndicate, certain representatives of the Government negotiated with Carden and Herd with a view to acquiring the ships from the claimants for use in the prosecution of the war with Germany. As a result of such negotiations the previous sale to the syndicate was rescinded by the claimants, and the ships were turned over to the Government at cost plus expenses. The claim is based upon an allegation that one of the terms of this sale of the ships to the Government was that Messrs. Carden and Herd would be allowed to operate the ships, which right the Government never granted.

The claimants originally presented their claim to the War Department Claims Board under the Dent Act, which Board found that by reason of a misunderstanding between the parties there had been no meeting of the minds sufficient to give rise to an express contract and that consequently a contract implied in law arose under which the United States was obligated to pay the claimants the fair market value of the ships acquired from them. However, the Board held that it was without jurisdiction to render an award. The claim was thereupon appealed to the Secretary of War who rendered an award of \$550,000 to cover the out-of-pocket loss.

In 1930 the claimants appealed to the Congress, and, after extensive consideration, jurisdiction was conferred upon the Court of Claims by the act of June 13, 1934, to hear the case and render judgment on its merits. The Court of Claims decided adversely to the claimants. Thereupon, steps were taken to have legislation enacted to permit the claimants to appeal their claim to the United States Supreme Court, a right not accorded them in the previous jurisdictional act. This bill was defeated in 1940 and again in the present session of Congress.

Section 8 (b) as it now reads would authorize the Maritime Commission to "make available for transfer" a war-built vessel in complete or partial settlement of claims against the United States for just compen-

sation arising out of the taking of a vessel for title or for indemnity for the loss of a vessel taken by the United States for use. These two types of claims presently are for settlement by either the United States Maritime Commission or by the War Shipping Administration, and payments made pursuant to such settlements are from funds appropriated to those agencies for that purpose. And, of course, the subject provision, if enacted in its present form, would have the effect of saving the respective appropriations of the said agencies to the extent that ships could be used instead of money, as well as the effect of making it possible for such agencies to settle such claims other than by way of payments subject to audit in the accounts of accountable officers by the General Accounting Office. However, at least, the provision as it now reads covers only certain claims cognizable by the Maritime Commission and the War Shipping Administration.

If amended as proposed, the said section 8 (b) would contain no limitation or restriction whatever upon the type of claim which could be settled by making payment in vessels instead of money. It would be my interpretation that, even then, the section would not confer upon the Maritime Commission authority to settle any claims which otherwise would be for settlement by some other department or agency but it might be construed as authorizing the Commission to make available for transfer a war-built vessel in full or partial satisfaction of a claim against some other department or agency. However, since the said Carden & Herd claim might be considered as having arisen out of the operations of the defunct United States Shipping Board, whose contractual obligations were assumed by the Maritime Commission pursuant to section 203 of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1113), the best categorical answer I can give to the question posed in your letter is that it well might be possible for claims of the nature of the Carden & Herd claim to be settled, should the said section 8 (b) be amended along the lines indicated. Of course, it is almost inconceivable that any such action would be taken in respect of that particular claim in view of its history and background; but I do perceive a real danger in providing authority by which claims of like nature—though possibly not so well known to the Congress—might be settled.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

Mr. RADCLIFFE. Mr. President, I offer an amendment which the Senator from New Jersey [Mr. HAWKES] was desirous of offering. He is not present in the Chamber, and I told him I would offer it on his behalf.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 39 it is proposed to strike out lines 11 through 19 and insert in lieu thereof the following:

In any case where the vessel offered in exchange was acquired from the United States, the exchange allowance under this section shall, unless subsequent to its sale by the United States it was acquired by a bona fide purchaser for value, in no event be greater than the price at which the vessel was acquired from the United States plus the depreciated cost of any capital improvements thereon.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. BREWSTER. Mr. President, has the amendment been disposed of?

The PRESIDING OFFICER. No; it has not.

Mr. BREWSTER. This amendment represents a change in the language of the bill.

Mr. RADCLIFFE. This is an amendment offered on behalf of the Senator from New Jersey [Mr. HAWKES]. The language of the amendment is the language which is now in the House bill.

Mr. BREWSTER. Was not this a matter which was discussed rather thoroughly in the committee and the committee report contained different language?

Mr. RADCLIFFE. The committee report contained different language; yes. There was not very much discussion of the point in committee, but we decided in committee to modify the House language.

Mr. BREWSTER. Yes.

Mr. RADCLIFFE. What the Senator from New Jersey desires is that we should restore the language of the House bill.

Mr. BREWSTER. I appreciate the desire of the Senator from New Jersey, and also his absence. I am a little disturbed over the promptness of the committee in abandoning its position, which it had very firmly taken. As I understand, the point is that while we forbid anybody to sell a ship back to the Government at a greater price than what was paid, plus the depreciation of any improvements, yet all that is needed to be done is to sell it to a bona fide purchaser and they can get anything they like for it. In other words, it makes a farce of the amendment. I think the committee amendment is entitled to a little more respectful consideration than is indicated. As the Senator knows, we went over this matter very thoroughly. If we are going to have any provision to protect the Government, let us have it. Let us not say that a bona fide purchaser can buy a ship and that is the end of it.

Mr. RADCLIFFE. Let me emphasize to the Senator from Maine that I am offering this amendment at the request of the Senator from New Jersey. He told me that he could not be present, and I am offering the amendment in his name in pursuance of his request. It is not my amendment, nor that of the committee.

Mr. MAGNUSON. Mr. President, I object to the unanimous consent request.

The PRESIDING OFFICER. Objection is heard, and the amendment cannot be considered.

The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. LANGER. Mr. President, the amendment offered on behalf of the distinguished Senator from New Jersey certainly is a very fair amendment. There is no reason why a man who buys a ship from the Government and then trades it in to the Government should be allowed a greater price than he originally paid to the Government.

Mr. BREWSTER. That is what the bill itself provides.

The PRESIDING OFFICER. Objection is heard, and the amendment is not before the Senate.

The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 3603) was passed.

AMENDMENT OF SECOND WAR POWERS ACT OF 1942

Mr. O'MAHONEY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 851, a bill to amend the Second War Powers Act of 1942, as amended.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4780), to amend the Second War Powers Act, 1942, as amended.

Mr. WHERRY. Mr. President, what was the vote which was just taken? We did not have an opportunity to hear what was asked. I ask that the Senate reconsider the vote just taken, until we know what we are doing.

Mr. O'MAHONEY. Mr. President—

Mr. WHERRY. I ask unanimous consent for the reconsideration of the vote just taken, and for an explanation as to what was done.

Mr. O'MAHONEY. Mr. President, if the Senator from Nebraska will allow the Senator who has the floor to speak, he will learn.

Mr. WHERRY. Mr. President—

Mr. O'MAHONEY. Mr. President, I have the floor.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

Mr. O'MAHONEY. I decline to yield.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Nebraska will state it.

Mr. WHERRY. I should like to ask what vote was just taken, and what the subject matter was upon which a vote was had, when there was so much confusion on the floor of the Senate that we could not hear what was going on.

The PRESIDING OFFICER. The vote was on the motion of the Senator from Wyoming to proceed to the consideration of House bill 4780, to amend the Second War Powers Act of 1942.

Mr. WHERRY. I thank the Presiding Officer. That was the motion which was made, and we could not hear it. Those of us on this side of the chamber wished to know what it was, because we did not have an opportunity to hear what was proposed before the vote was taken.

Mr. O'MAHONEY. Mr. President—

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. O'MAHONEY. If the Senator will pardon me for just a moment, I think it will be unnecessary to yield.

Mr. President, I do not intend to ask that we proceed to the consideration of the bill tonight. It will be my purpose in a moment to move that the Senate proceed to the consideration of executive business, and then let the session go over until tomorrow, when this bill will be the unfinished business.

I am very glad to yield now to the Senator from West Virginia.

Mr. REVERCOMB. Mr. President, I wish to ask for a reconsideration of the vote taken a moment ago, because none

of us had an opportunity to hear or consider the motion. I ask unanimous consent—and I direct my request to the Senator from Wyoming—for a reconsideration of the vote just taken. Here we are in the closing minutes of today's session. In the confusion resulting from Senators moving about the Chamber a question is put and it is all over before any Senator has an opportunity to hear or consider it. I ask unanimous consent that the vote be reconsidered.

Mr. O'MAHONEY. Mr. President, I hope the Senator will not press its request. It is now almost half-past 5. Tomorrow when the Senate is in session there will be ample opportunity to bring up any other matter which the Senator has in mind, or to proceed to any other consideration. Before making the motion, I thought it was understood by the leadership on both sides. I consulted with the distinguished Senator from Maine [Mr. WHITE]. I consulted with the distinguished Senator from Nebraska [Mr. WHERRY]. I consulted every Senator who is in a position of leadership. It was the understanding of the leadership on both sides that when the ship-sales bill was out of the way the motion which I made would be made. There was no intention of shutting off any Senator.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

Mr. REVERCOMB. The Senator knows full well, I am sure, as do other Senators, that my principal interest is the consideration of a motion to discharge a committee of which both the Senator from Wyoming and I are Members, the Military Affairs Committee, from the further consideration of a certain measure.

Mr. O'MAHONEY. Very well.

Mr. REVERCOMB. I am being foreclosed by a motion made this afternoon, amid great confusion, to proceed to the consideration of another bill and make it the order of business.

Mr. O'MAHONEY. Let me assure the Senator that he is not being foreclosed.

Mr. REVERCOMB. May I say this—

Mr. O'MAHONEY. The Senator is merely not paying attention to the rule. We must obey the rules of the Senate.

Mr. REVERCOMB. I intend to obey the rules.

Mr. O'MAHONEY. If we are to have orderly procedure we must obey the rules. The rule of the Senate is that if a motion is made to discharge a committee the motion must be presented in writing and must lie over for a day.

Mr. REVERCOMB. That is correct.

Mr. O'MAHONEY. The day has not yet expired. The reason for that rule is to permit all the members of the committee to become aware of the motion. The Senator presented his motion earlier in the day, in the absence of the chairman of the Committee on Military Affairs, the Senator from Utah [Mr. THOMAS]. Later the chairman of the committee came into the Chamber. As I recall, the Senator from West Virginia was not present at that time.

Mr. REVERCOMB. Yes.

Mr. O'MAHONEY. Then the chairman of the committee made a statement with respect to the subject matter. All in the world that orderly procedure demands is that the Senator await his time, in the regular order of procedure. Then he shall have his time.

Mr. REVERCOMB. Mr. President, will the Senator yield for a moment?

Mr. O'MAHONEY. Certainly.

Mr. REVERCOMB. Let me set the Senator right. The RECORD of today's session will show that I made a motion earlier in the day, immediately following a quorum call. It is true that the Senator from Utah, chairman of the committee, was not present, but the ranking member of the majority was present. The Senator from Wyoming was present and spoke upon the subject.

Let me say further that shortly thereafter the chairman of the Committee on Military Affairs came into the Chamber, and the Senator from West Virginia filed his motion in writing.

Mr. O'MAHONEY. I understand that.

Mr. REVERCOMB. At that time, while the Senator from Utah, the chairman of the committee, was in the Chamber, the Senator from West Virginia rose and called his attention specifically to the motion, which was in writing.

I do not wish the inference left that there is any attempt to avoid advising the committee completely with respect to the motion. As a matter of fact—and I am sure the Senator from Wyoming will bear me out—this morning I told the members of the committee who were present, among them being the Senator from Wyoming, that I intended to take the matter to the floor of the Senate and ask for the discharge of the committee.

Mr. O'MAHONEY. Certainly.

Mr. REVERCOMB. Today I filed the motion in writing. I am not asking that it be taken up today. I am not asking that the Senate proceed now to the consideration of my motion; but if the Senator's position is to prevail, if the motion which was put in the confusion, and upon which we were denied the privilege of speaking, prevails, it means no morning hour tomorrow. The Senator knows that full well. He knows that we shall have no opportunity.

Mr. President, I ask in fairness—and I have no other basis upon which to place the request—that the vote by which the motion of the Senator from Wyoming was agreed to be reconsidered. I ask unanimous consent for the reconsideration of the vote. If the Senator will let me make the motion during the morning hour, he can then proceed with the consideration of the bill.

Mr. O'MAHONEY. Would not the Senator be satisfied to make his motion tomorrow, since we can take no action on it tonight?

Mr. REVERCOMB. I should be delighted.

Mr. O'MAHONEY. That is all there is to it.

Mr. REVERCOMB. May I have an agreement, then, that there will be no objection to considering my motion tomorrow after it is developed?

Mr. O'MAHONEY. Mr. President, I cannot agree on behalf of other Senators. There is not a quorum present. I am in

no position to make such an agreement, but the Senator's rights are full protected. I am not in a position to say that he may or may not obtain consideration for his motion. I cannot speak for other Senators; but tomorrow when the Senate is in session, whether there be a morning hour or not, I shall not raise any objection to the consideration of his motion. I can speak only for myself.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. REVERCOMB. The Senator knows, speaking for himself, that if the vote by which his motion to make the war powers bill the pending business was agreed to is reconsidered there will be a morning hour, and that unless that is done there will not be a morning hour. A morning hour is necessary for me to obtain consideration of my motion tomorrow.

Mr. O'MAHONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. O'MAHONEY. Does the fact that a matter is made the pending business preclude a morning hour?

The PRESIDING OFFICER. It depends upon whether there is a recess or an adjournment. If there is a recess, it does. If there is an adjournment, it does not.

Mr. REVERCOMB. Mr. President—

Mr. O'MAHONEY. If the Senator will permit me, it all depends upon whether the Senate takes a recess or adjourns tonight. I shall not speak for or against an adjournment. The Senator may do that. If the Senate adjourns, he will have his morning hour. I shall not object to it.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Certainly.

Mr. REVERCOMB. I should like to address a request to the leadership of the majority that a motion be made for an adjournment tonight, so that we may proceed with the morning hour tomorrow.

Mr. O'MAHONEY. Mr. President, I am not the leader of the majority. So far as I am concerned, I have no objection to an adjournment. Let the Senator make his motion to adjourn after we have concluded the executive business, and let the Senate decide. I cannot assume to decide for the Senate.

Mr. WHITE. Mr. President, I do not know who is momentarily in charge on the other side of the aisle—whether it is the Senator from Mississippi or one of the other distinguished Senators on that side. But it seems to me the whole problem will be solved satisfactorily if the procedure suggested by the Senator from Wyoming [Mr. O'MAHONEY] is followed—in other words, if a motion to adjourn, rather than a motion to take a recess, is made.

Mr. O'MAHONEY. Certainly; of course that is so.

Mr. WHITE. I am not prepared to take over the responsibilities of leadership for the majority; but unless some Senator on the other side of the aisle is prepared to make the motion—

Mr. O'MAHONEY. Mr. President, I shall assume the responsibility of making the motion.

Mr. WHITE. Will the Senator move that the Senate proceed to consider executive business?

Mr. O'MAHONEY. Before I make that motion I wish to call attention to another matter.

The PRESIDING OFFICER. The Senator has the floor. He may proceed.

TRANSPORTATION BY RAIL OF RETURNING MILITARY PERSONNEL

Mr. O'MAHONEY. Mr. President, I wish to call the attention of the Senate to a letter which I have received from the President of the Association of American Railroads. His letter, dated last night, makes it clear that 90 percent of all the berths and all the seats on railroad trains leaving the Pacific coast for the East are now being used to transport soldiers and sailors to their homes. It also shows that in spite of that fact, so many soldiers and sailors are landing on our shores that there are not sufficient facilities to transport them. The striking thing about the letter is that on the date when it was written—December 17—the arrivals of military personnel on the West coast numbered 47,846; today, December 18, 38,468 will arrive; on December 19, 28,373 will arrive—or nearly 115,000 military personnel in 3 days. The Army and the Navy are bringing the soldiers and sailors back from the Pacific areas more rapidly than the railroad facilities of the country can transport them to their homes—and that in spite of the fact that the railroads of America have done a superlative job.

I ask unanimous consent that the text of the letter may be printed at this point in the body of the RECORD, in connection with my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ASSOCIATION OF AMERICAN RAILROADS,
Washington, D. C., December 17, 1945.

Hon. JOSEPH C. O'MAHONEY,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In response to your request, I am glad to give you the figures on the movement of returning servicemen by rail, especially from the Pacific coast ports.

In the 7 days ending December 14, the railroads moved from those ports an average of more than 21,000 men a day, approximately three-fourths of them to points east of the Rocky Mountains.

During the 7-day period ending December 21 it is anticipated that arrivals of servicemen on the Pacific coast will average more than 31,000 per day. This is in addition to the anticipated arrival of approximately 16,000 men a day during the same week in Atlantic ports.

Today—December 17—arrivals on the west coast will number 47,846. Tomorrow there will be 38,468, and another 28,373 on December 19—nearly 115,000 men in 3 days. That's more than either the railroads or the military shore establishments on the west coast can handle and move currently, so that many thousands will no doubt have to be held on board ship in the Pacific coast harbors until the accumulated backlog of arrivals can be moved to their homes. During the same 3 days it is expected that 53,875 men will be landed at Atlantic coast ports.

It is gratifying that the Army and the Navy have been able to bring the soldiers and sailors home so much faster than they had

originally planned. This week, for example, the daily arrivals on the Pacific coast will be more than double the average anticipated during the peak of the movement. This is a transportation load heavier and more highly concentrated than was carried at any time during the war. It coincides, moreover, with the Christmas holiday travel rush.

To handle it all, the railroads have 10,217 coaches of all-steel construction, suitable for long-distance through service, 6,800 regular pullman sleeping cars, and 1,400 special troop sleeping cars. They would have had more but for wartime limitations on the use of materials which, for 4 years, made it impossible to secure additional passenger cars. They had hoped to have, by this time, another thousand troop sleepers which were ordered last spring, but delivery of these cars was delayed by reason of a strike in the plant supplying the beds for them. It is now expected that it will be February before their delivery is completed.

More than one-third of the coaches and approximately four-fifths of all sleeping-car beds are now in direct military service in troop trains. In addition, large numbers of service people are being moved on regular trains. In fact, as was shown by a recent 3-day check, 90 percent of all the berths and seats moving east from the Pacific coast in all trains are occupied by military travelers. The railroads have added another 1,000 coaches to the pool assigned to organized troop-train movements—which will cut the space available for individual travel, whether military or civilian, by that much more.

Most returning servicemen have long journeys to make from the Pacific coast to their homes. To move them at all, every sort of equipment has had to be pressed into service for the eastward haul, much of it being sent west in special trains of empty cars. There simply is no way, with the equipment which the railroads have been permitted to acquire during the war years, to handle as speedily and comfortably as we should like the great tide of men coming home, but, with what they have, the railroads of the country will do all that can be done.

Very truly yours,

J. J. PELLEY.

PURCHASE BY FEDERAL RESERVE SYSTEM OF GOVERNMENT SECURITIES DIRECTLY FROM THE TREASURY

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HICKENLOOPER. Let me say to the Senator that I have been waiting all day for an opportunity to make a few remarks in regard to the continuation of the authority of the Federal Reserve System to buy up to \$5,000,000,000 worth of Government securities directly from the Treasury, without going into the open market, as proposed in a portion of the bill providing for renewal of the War Powers Act. I shall not attempt to read the statement to the Senate at this time. I did not wish to read it earlier in the day because I did not desire to delay action on the Federal employees' pay bill.

At this time I ask unanimous consent that the short statement I hold in my hand may be printed at this point in the RECORD, where it can be read and understood by perhaps more Senators than those who are present in the Chamber at this time; and I also ask unanimous consent that in connection with the printing of the statement there may be printed a news story touching on the subject, as published in the financial section of the December 11, 1945, issue of the New York Times.

There being no objection, the statement and article were ordered to be printed in the RECORD, as follows:

STATEMENT BY MR. HICKENLOOPER ON CONTINUATION OF THE AUTHORITY OF THE FEDERAL RESERVE SYSTEM TO BUY UP TO \$5,000,000,000 OF GOVERNMENT SECURITIES DIRECTLY FROM THE TREASURY WITHOUT GOING INTO THE OPEN MARKET

Mr. President, we are now being asked to renew the Second War Powers Act which contains powers affecting the most fundamental rights and interests of the people.

In the last minute press of legislation before the Christmas recess, it will be difficult to give this far-reaching measure the careful attention it should have. I am taking this occasion, therefore, to direct the attention of Members of this body to at least one provision in this bill which should be considered even more carefully than other provisions because it concerns practices that threaten the soundness of our monetary system.

I refer to the provision that would continue for another entire year (December 31, 1946) the power of the Federal Reserve to buy up to \$5,000,000,000 of Government securities without going into the open market. In the New York Times of December 11, 1945, the Treasury and Reserve officials are reported to have asked that this power be made permanent, which is another way of asking that deficit financing and inflation be made permanent.

The bill which will come before us is H. R. 4780. The House thought fit not to continue these loose fiscal practices beyond June 30, 1946, but the Senate Judiciary Committee added another 6 months to make it December 31, 1946.

With respect to all these powers the question naturally arises whether it is necessary to continue them in time of peace, and what danger there may be to our system of government in so doing. This is particularly true when it comes to practices affecting the soundness of the Nation's finances.

I want to take a moment to sketch the history of this power of the Treasury to force up to \$5,000,000,000 into the Federal Reserve System. When the Banking Act of 1935 was passed it was recognized that, along with preceding emergency legislation, the act greatly increased the power of the Federal Reserve System to buy Government securities. This was done partly by technical provisions to free the use of Government securities as collateral for Federal Reserve notes, and partly by concentrating power in the Reserve Board to purchase Government bonds.

Aware that there were dangers in giving these added powers to a Government board, section 14 of the Federal Reserve Act, which relates to open-market operations, was amended to provide that the Reserve System could buy Government securities only in the open market. They could not be forced to take Government paper direct from the Treasury.

The reason is a very sound one for the safety and health of the Nation's monetary system. When the Reserve banks buy Government securities directly from the Treasury the operation is not subjected to the test of selling securities in the open market; and the Treasury is able to dip into the funds of the Reserve System with no check. The funds in the custodianship of the Reserve System may be thought of as trust funds. They are the country's banking reserves, and their use ought to be subjected to very careful consideration and tests. For another Government agency like the Treasury to use those funds directly is a good deal like permitting a trustee to borrow trust funds.

There is a certain amount of safeguard in providing that when the Treasury wants money it has to sell securities to investors, to insurance companies, to banks, and others. This means that the Treasury at all times must try to follow policies which give these

buyers of Government bonds confidence. At the same time it compels the Treasury to steer clear of easy money devices that may wreck the country.

If the Treasury can short-circuit these wise checks on its operations through the power to borrow directly from the Federal Reserve System, it is in fact very much like permitting the Government to print greenbacks and paying its expenses that way. The procedure of the Government's borrowing directly from the central bank was the mechanism used in France and Germany in the great inflation in those countries in the early 1920's. It has proved itself historically a very dangerous mechanism.

The Second War Powers bill allowed, for the period of the war, the Reserve System to buy securities from the Treasury up to \$5,000,000,000. There was some excuse for this because the war financing problem was so difficult that both the Treasury and the Reserve System needed a good deal of freedom to produce the necessary money. As a matter of practice, the power was not used very much; only a few hundred million dollars, so that even in that extreme situation the power did not prove to be necessary. In peacetime, however, the power will hang as a constant threat of inflation over the Nation's money system; and this raises the serious question whether such a power should be continued.

The committee report covers this subject as follows:

"The War Powers Act of 1942 gives the Treasury the power to sell directly to the Federal Reserve banks not to exceed \$5,000,000,000 worth of securities at any one time. Without this provision, it would be necessary in some cases to buy the securities in the open market and the Treasury would be required to pay substantial sums in fees and commissions, which are avoided by the exercise of this power."

This statement says nothing about the great principle involved in this whole question—the great danger to the country of continuing in the hands of government inflationary money practices without any outside check. The committee directs attention only to a relatively minor point; the few dollars of costs which might be involved in the very small commissions which a buyer of securities pays. To say that these are substantial sums is untrue. A dealer in Government securities ordinarily gets a commission of one-thirty-second of 1 percent, and in a great many cases it is less than that, particularly at times when the Federal Reserve buys, which ought to be at times when the market is weak and when it is profitable to make purchases. The commission would fall on the seller.

To center the continuance of a power of this nature on an argument over financing fees while neglecting the great principle of sound national finances is a gross distortion of values. I should like to point out also that this matter was considered only by the Judiciary Committee and was not referred to the Committee on Banking and Currency, which is the committee best informed in these matters and best able to exercise competent judgment on the highly technical problems.

I question seriously the wisdom of continuing this particular power even for another 6 months in the present inflationary conditions of the country. If ever we are to get off the shifting sands of loose fiscal policy, certainly now, when the Nation is flooded with money, is the time to do it.

[From the New York Times of December 11, 1945]

FEDERAL AGENCIES SEEK TO PURCHASE BONDS OF GOVERNMENT LOANS UP TO \$5,000,000,000

WASHINGTON, December 10.—Spokesmen for the Federal Reserve System and Treasury Department asked today for permanent authority to permit the Federal Reserve to purchase up to \$5,000,000,000 in Government ob-

ligations of the Treasury without going into the open market.

The Senate Judiciary Committee was told that this authority could be used greatly to reduce financing costs, especially for short-term operations. One of these is temporary deficiencies in estimates of income-tax revenues.

Ronald Ransom, Vice Chairman of the Federal Reserve's Board of Governors, informed the committee such power now existed under the so-called Second War Powers Act of the President.

He noted that in approving extension of the war powers bill the House had extended this for 6 months beyond December 31. Mr. Ransom asked an extension of at least 1 year if permanent authority is not granted.

T. J. Lynch, vice counsel for the Treasury Department, joined in this request. He said that the Treasury had asked this in a letter to the House.

LEASING OF HURRICANE CREEK (ARK.) ALUMINA PLANT AND JONES MILLS (ARK.) ALUMINUM PLANT

Mr. O'MAHONEY. Mr. President, under date of December 17, 1945, there has been addressed to me by the Surplus Property Administrator, Mr. W. Stuart Symington, a letter with respect to an offer which has been made by the Reynolds Metals Co. for a lease of the Hurricane Creek (Ark.) alumina plant and the Jones Mills (Ark.) aluminum plant, both of which are owned by the Federal Government. The details of the offer by the Reynolds Co. are set forth in the letter.

I may say that the Surplus Property Administrator has complied with the law which requires that plans for the disposal of plants costing more than \$5,000,000 shall be submitted to Congress. The report has been made, and the letter to which I refer deals with an offer to enter into a lease, the authority to make which has been granted to the Surplus Property Administration without the necessity of a report to Congress. There is a great deal of interest in the matter, and I ask unanimous consent that the letter to which I have referred may be printed at this point in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 17, 1945.

HON. JOSEPH C. O'MAHONEY,
United States Senate,
Washington, D. C.

DEAR SENATOR O'MAHONEY: In accordance with the request of Mr. Kurt Borchardt, the details of the offer made by the Reynolds Metals Co. for the leasing of the Hurricane Creek, Ark., alumina plant and the Jones Mills, Ark., aluminum plant are as follows:

	Jones Mills aluminum plant	Hurricane Creek alumina plant
1. Original cost to Government.....	\$29,258,000	\$39,331,000
2. Cost basis upon which Reynolds wishes to pay rentals.....	13,370,000	27,300,000

These costs are based on the assumption that present-day reproduction costs would be 30 percent less than original cost to the Government. In case of the Jones Mills plant, Reynolds will lease only half of capacity of plant, since the power-generating

facilities are capable of supplying only 50 percent of capacity. Power facilities originally cost \$9,000,000, which, together with one-half of the cost of the remaining reduction plant, would make the total original cost of the facilities Reynolds would use come to \$19,100,000.

3. Annual capacity in million pounds: 144, \$1,556; however, Reynolds would use only 50 percent of this.

4. Rental offered:

	Jones Mills aluminum plant		Hurricane Creek alumina plant	
	Per- cent	Amount	Per- cent	Amount
First year.....	4	\$534,800	4	\$1,092,000
Second year.....	5	668,500	5	1,365,000
Third year.....	6	802,200	6	1,638,000
Fourth year.....	7	935,900	7	1,911,000
Fifth year.....	8	1,069,600	8	2,184,000

The rentals are based on an increasing percentage of the estimated reproduction cost as listed in item 2. However, the rentals for Hurricane Creek are a maximum amount, and would be calculated on the proportion of actual production for the year to the capacity of the plant, but in no case less than 25 percent of capacity. Thus, if actual alumina production in the first year were 778,000,000 pounds, or 50 percent of capacity, Reynolds would pay only \$546,000 rental.

5. Average rental paid over life of contract per pound of capacity, \$1.11 to 15 cents.

6. Length of lease: 5 years with option to renew for two more years at the rental rate paid in the fifth year.

7. Right to cancel lease before expiration:

(a) By the Government: No rights except for nonfulfillment by lessee of other conditions of lease. Reynolds, however, agrees to sell alumina at cost plus 6 percent, but at not over \$40 a ton to any purchaser not having alumina production facilities of his own up to the total Reynolds productive capacity minus Reynolds requirements for its own plants.

(b) By Reynolds Metals Co.: Upon 6 months' notice, after the expiration of 2 years.

8. Option to purchase: Reynolds would be given the option to purchase the plant under the usual RFC formula, based on reproduction cost less depreciation; the option to expire on notice of cancellation of the lease or 6 months before expiration of the lease, whichever comes first.

9. Other conditions: Plants are to be turned over to Reynolds in operating condition with lease and rentals to begin with commencement of operations. Reynolds will pay all real-estate taxes and insurance, furnish all working capital, and assume all losses, if any, from operations. The Government will acquire all license rights under patents heretofore used in operation of the plant, provided it can acquire these at a reasonable figure from Alcoa. Government will protect Reynolds from any claims arising out of patents or damages which may be asserted by nearby property owners as arising out of operation of the plant.

The lease does not involve the Government in any subsidy of operations or in any sharing of losses, and, in our opinion, renders a reasonable return to the Government.

At present, the RFC is negotiating with the Aluminum Co. concerning the use of patents at a reasonable price. Under our regulation 10, before the Reynolds offer can be accepted, the plants will have to be advertised publicly for sale or lease and any other bids received as a result of the advertisement will have to be reviewed by the RFC and ourselves. If no other bids are received, the Reynolds' offer will still require final approval by this Administration, and by the Department of Justice pursuant to the pro-

visions of section 20 of the act. We shall keep you fully advised as to further developments, and we shall be glad to discuss the Reynolds' offer with you or the members of your subcommittee before giving the offer our final approval.

Sincerely yours,

W. STUART SYMINGTON,
Administrator.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the bill (S. 1580) to provide for the appointment of representatives of the United States in the organs and agencies of the United Nations, and to make other provision with respect to the participation of the United States in such organization, with amendments, in which it requested the concurrence of the Senate.

APPOINTMENT OF AMERICAN REPRESENTATIVES IN UNITED NATIONS ORGANIZATION

The PRESIDING OFFICER (Mr. HOEY in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1580) to provide for the appointment of representatives of the United States in the organs and agencies of the United Nations, and to make other provision with respect to the participation of the United States in such organization.

Mr. CONNALLY. Mr. President, I move that the Senate disagree to the amendments of the House, ask for a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CONNALLY, Mr. WAGNER, Mr. THOMAS of Utah, Mr. LA FOLLETTE, and Mr. VANDENBERG conferees on the part of the Senate.

SAUNDERS MEMORIAL HOSPITAL—VETO MESSAGE

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, referred to the Committee on Claims and ordered to be printed:

To the United States Senate:

I return herewith without my approval the bill (S. 693) to provide for the payment of the sum of \$25,000 to the Saunders Memorial Hospital, of Florence, S. C., in full settlement of all claims against the United States for losses alleged to have been sustained as the result of the failure of the United States Army Engineer Corps to carry out a contract to lease or purchase such hospital.

It appears that in 1942 the Army Air Forces desired to construct a hospital at the Army Air Base at Florence, S. C. Dr. John D. Smyser, who was the medical director and superintendent of Saunders Memorial Hospital located in that city, offered to lease the hospital to the United States.

A series of negotiations took place between Dr. Smyser and representatives of the War Department, which resulted in the execution by Dr. Smyser of an option to lease the Saunders Memorial Hospital

to the United States for the duration of the war and 6 months thereafter, subject to a right of termination by the Government at any time upon 30 days' notice. The War Department later reached the conclusion that it would be less expensive to construct a new hospital than to acquire and rehabilitate the Saunders Memorial Hospital, and declined to take up the option or to enter into a lease. No contract either to lease or purchase the premises was ever entered into by the Government.

It is asserted that in the meantime Dr. Smyser had made arrangements to turn over the hospital to the United States and had discontinued certain activities in his institution. The bill under consideration would compensate him for the losses said to have been sustained as the result of making these arrangements and curtailing the activities of his hospital.

The option taken by the United States created no obligation to enter into a lease. No lease was actually made and no legal obligation arose on the part of the Government toward the Saunders Memorial Hospital. The fact that the hospital authorities made premature preparations on the assumption that a lease would be made does not create either a legal or a moral obligation on the part of the Government to compensate the hospital for the losses alleged to have been sustained by it.

An almost identical bill (H. R. 1737, 78th Cong.) was pocket vetoed by President Roosevelt on June 30, 1944 (90 CONGRESSIONAL RECORD 6713). Thereafter, an act was passed (act of Dec. 23, 1944, Private, No. 588, 78th Cong.), authorizing the claimant to bring suit against the United States in the United States District Court for the Eastern District of South Carolina in reference to this matter. The claimant failed to take advantage of the rights accorded to him by that act within the time specified therein.

In view of the foregoing circumstances, I am constrained to withhold my approval from the bill.

HARRY S. TRUMAN.

THE WHITE HOUSE, December 18, 1945.

EXECUTIVE SESSION

Mr. O'MAHONEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. HOEY in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Post Offices and Post Roads.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. BILBO, from the Committee on Commerce:

Capt. Louis L. Bennett, United States Coast Guard, to be a commodore for temporary service in the Coast Guard, to rank from the 1st of November 1945, while serving as commanding officer of Coast Guard training sta-

tion, Groton, Conn., or in any other assignment for which the rank of commodore is authorized; and

Capt. Joseph E. Stika, United States Coast Guard, to be a commodore for temporary service in the Coast Guard, to rank from the 1st of November 1945, while serving as commanding officer of the Coast Guard group, Alameda, Calif., or in any other assignment for which the rank of commodore is authorized.

By Mr. WAGNER, from the Committee on Banking and Currency:

Clarence E. Gauss, of Connecticut, to be a member of the board of directors of the Export-Import Bank of Washington, District of Columbia, for a term expiring June 30, 1950.

By Mr. WALSH:

From the Committee on Naval Affairs:

Robert J. Hoey, a naval aviator of the Marine Corps Reserve to be a first lieutenant in the Regular Marine Corps in accordance with the provisions of the Naval Aviation Personnel Act of 1940, as amended, to rank from October 1, 1940; and

Sundry naval aviators of the Marine Corps Reserve to be second lieutenants in the Regular Marine Corps.

From the Committee on Finance:

Sundry persons for appointment or promotion in the Regular Corps of the United States Public Health Service.

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

Chaplain Luther Deck Miller (brigadier general, Chief of Chaplains), United States Army, to be major general.

Sundry officers for appointment, by transfer, in the Regular Army of the United States; and

Sundry officers for promotion in the Regular Army of the United States.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

SELECTIVE SERVICE SYSTEM

The legislative clerk read the nomination of Homer Allen Higgins, to be State medical officer for Arkansas and State medical advisor for Oklahoma.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

THE NAVY

The legislative clerk read the nomination of Jack H. Duncan to be rear admiral, for temporary service, to continue while serving as Chief of the United States Naval Mission to Peru.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE MARINE CORPS

The legislative clerk read the nomination of Karl S. Day to be brigadier general, for temporary service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. O'MAHONEY. Mr. President, I ask unanimous consent that the President be immediately notified of the action of the Senate in respect to each of the nominations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

That completes the calendar.

ADJOURNMENT

Mr. O'MAHONEY. As in legislative session, I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 38 minutes p. m.) the Senate adjourned until tomorrow, Wednesday, December 19, 1945, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate December 18 (legislative day of October 29), 1945:

POSTMASTERS

The following-named persons to be postmasters:

INDIANA

Daniel E. Haley, Hamlet, Ind., in place of P. E. Barnes, resigned.

KANSAS

Alice M. Howe, Mount Hope, Kans., in place of W. R. Ives, transferred.

MARYLAND

Bettie J. Porter, Ellerslie, Md. Office became Presidential July 1, 1944.

OHIO

Charles N. Williams, Bartlett, Ohio. Office became Presidential July 1, 1945.

Elmer W. White, Carroll, Ohio, in place of G. M. Schmidt, transferred.

Joela P. Minnick, Grand Rapids, Ohio, in place of D. B. Snyder, resigned.

Lorraine A. Franco, Lansing, Ohio. Office became Presidential July 1, 1943.

PENNSYLVANIA

Jennie J. Rosini, Dunlevy, Pa. Office became Presidential July 1, 1945.

George J. Schnur, East Butler, Pa., in place of H. D. Farnen, deceased.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 18 (legislative day of October 29), 1945:

SELECTIVE SERVICE SYSTEM

Homer Allen Higgins to be State medical officer for Arkansas and State medical advisor for Oklahoma, with compensation at the rate of \$5,180 per annum.

POSTMASTERS

GEORGIA

Carr McLemore, Surrency.

MINNESOTA

Howard M. Drinkwater, Zumbro Falls.

NEBRASKA

Salem Abraham, Ainsworth.
William G. Hoffman, Bladen.

PENNSYLVANIA

Jane M. Phillips, Fombell.
Clarence C. MacKenzie, Hatboro.
Lillian J. Biggerstaff, Hunkers.
George R. Frey, Kutztown.
Grace F. Brant, Plumville.
Verna Heppie, Shepton.
David J. Scales, Jr., Susquehanna.

IN THE NAVY

APPOINTMENT IN THE NAVY

Jack H. Duncan to be rear admiral in the Navy, for temporary service, to continue while serving as Chief of the United States Naval Mission to Peru, and until reporting for other permanent duty.

IN THE MARINE CORPS

APPOINTMENT IN THE MARINE CORPS RESERVE

Karl S. Day to be a brigadier general in the Marine Corps Reserve, for temporary service from November 29, 1945.

Dec.

19.

DIGEST OF PROCEEDINGS OF CONGRESS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE
(Issued December 20, 1945, for actions of Wednesday, December 19, 1945)

(For staff of the Department only)

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HIGHLIGHTS: Congress completed action on 1st deficiency appropriation bill; provides \$7,500,000 for school lunches. House agreed to and Senate received 2nd conference report on bill to liberalize GI Bill of Rights. Congress received President's message on military training and armed-forces unification. Senate passed Second War Powers Act extension bill.

SENATE

1. FIRST DEFICIENCY APPROPRIATION BILL, 1946. Both Houses agreed to conference report and acted on items in disagreement (pp. 12516-24, 12540-8). The House agreed to Rep. Cannon's (Mo.) motion to recede and concur in the Senate school-lunch amendment with an amendment making available an additional amount of \$7,500,000 (Senate figure, \$15,000,000) (p. 12548), and the Senate later agreed to Sen. McKellar's (Tenn.) motion to agree to the House amendment (p. 12517). The House agreed to Rep. Cannon's motion to recede and concur in the Senate Garrison Dam amendment with an amendment to permit operation of the dam at an 1850-foot level (p. 12548), and the Senate later agreed to Sen. McKellar's motion to agree to the House amendment (pp. 12517-24). The House receded and concurred in all other items in disagreement, including the veterans' housing amendment. This bill will now be sent to the President.

2. WAR POWERS. Passed with ^{out} amendment H.R. 4700, to continue certain provisions of the Second War Powers Act until June 30, 1946 (pp. 12503-8, 12510-3, 12515-6, 12524). Rejected, 30-31, committee amendment which would have continued these provision until Dec. 31, 1946 (pp. 12515-6, 12524). The provisions include ICC's emergency powers over motor and water carriers; authority to take possession of property before condemnation proceedings have been completed; priorities, allocation, and rationing powers; and Federal Reserve's authority to purchase Government securities directly from the Treasury.

The Senate report states: "It is understood by the committee in recommending the extension to December 31, 1946, instead of June 30, 1946, as passed by the House, that it is the intention of the Office of War Mobilization and Reconversion and of the various agencies affected to lift all controls as rapidly as possible. It is also understood by the committee that it will be the purpose of

the Office of War Mobilization and Reconversion not to ask for another extension of the Second War Powers Act but, within the extended period provided by the pending act, to make specific recommendations to the Congress if future conditions should indicate that any controls should be maintained for a longer period."

3. RURAL REHABILITATION. Passed as reported S. 704, to authorize the Secretary of Agriculture to continue administration of and ultimately liquidate Federal rural rehabilitation projects (pp. 12514, 12529). Sen. Fulbright, Ark., stated, "The purpose of the bill is to permit the Secretary of Agriculture to give preference to veterans in the disposition of lands, primarily lands under the Farm Security Administration."
4. VETERANS; HOUSING. Agreed to Sen. Johnston's (S.C.) motion to concur in the House amendment to S.J. Res. 122, to provide adequate housing for veterans (p. 12528). (For provisions see Digest 225.) The measure will now be sent to the President.
5. STRATEGIC MATERIALS. Agreed to Sen. O'Mahoney's (Wyo.) motion to make the unfinished business S. 752, to develop domestic sources of supply of strategic and critical materials where possible by creating stock piles of such materials which are not present in sufficient quantities in the U.S., or which cannot be supplied in sufficient quantities during an emergency period. (pp. 12529-30).
6. NOMINATIONS. Received the President's nominations for representatives of UNO: E. R. Stettinius, Jr., Sen. Connally (Tex.), Sen. Vandenberg (Mich.), and Mrs. A.E. Roosevelt; and as alternates: Rep. Bloom (N.Y.), Rep. Eaton (N.J.), Frank C. Walker, John Foster Dulles, and J.E. Townsend, Jr. (pp. 12509-10). The Foreign Relations Committee reported favorably on the nominations.
Confirmed the nomination of C. E. Gauss to be a member of the Export-Import Bank Board of Directors (pp. 12530, 12531).
7. RESEARCH. Sen. Langer, N.Dak., inserted a N. Dak. MVA Committee resolution urging appointment of a fact-finding commission on scientific research, in connection with the MVA project, to provide for development of rural and industrial electrification, natural resources, flood control, wildlife conservation and values, timber and grass lands, and irrigation and reclamation facilities (p. 12496).

HOUSE

8. GI BILL AMENDMENTS; FARM LOANS. House agreed, 134-23, to second conference report on H.R. 3749, to liberalize loans to veterans (pp. 12552-9). Senate received this report (pp. 12525-8). (For provisions of the report see Digest 224).
9. ARMED-FORCES UNIFICATION. Both Houses received the President's message recommending unification of the War and Navy Departments and reiterating his proposal for universal military training (pp. 12495, 12573-6).
10. UNO BILL. Both Houses agreed to the conference report on this bill, S. 1580 (pp. 12508-9, 12548-9). This bill will now be sent to the President.
11. TRANSPORTATION. Passed without amendment S. 914, to permit the Treasury Department to designate freight forwarders as carriers of bonded merchandise (p. 12572). This bill will now be sent to the President.
12. GRAZING LANDS; FORESTRY. Received a Colo. Legislative memorial urging investigation of the administration of national forests with a view to giving all Federal land for grazing purposes the same uniform, reasonable, and just treatment. To Public Lands Committee. (p. 12578.)

1945. As indicated above, less than 3 percent of those inducted in October 1945 had any dependent children.

The War Department is unable to determine the fiscal effects of the proposed joint resolution.

For the foregoing reasons, the War Department recommends that Senate Joint Resolution 116 be not favorably considered.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

ROBT. P. PATTERSON,
Secretary of War.

Mr. THOMAS of Utah. Mr. President, I wish to read only one paragraph of the letter.

At the present time separations from the Army are being made at the rate of over 1,000,000 men per month.

The President's message this morning said that separations from the armed services were being made at the rate of a million and a half a month.

Relatively few fathers are now being inducted (less than 3 percent in October), and the number of persons in the military service who have children is being reduced rapidly. On September 1, 1945, there were about 1,800,000 such individuals in service, and it is now estimated that figure will be reduced to approximately 1,000,000 by December 1, 1945.

This is the part of the letter which I think should be emphasized.

Enactment of this resolution would require the immediate discharge of approximately 22 percent—

AMENDMENT OF SECOND WAR POWERS ACT, 1942

The PRESIDENT pro tempore. The hour of 2 o'clock having arrived, the pending resolution, Senate Resolution 207, under the practice of the Senate for many years, will be placed on the calendar, and the Chair now lays before the Senate the unfinished business, H. R. 4780, which will be stated by title by the Clerk.

The CHIEF CLERK. A bill (H. R. 4780), to amend the Second War Powers Act, 1942, as amended.

The Senate resumed the consideration of the bill.

Mr. O'MAHONEY. Mr. President, I desire to discuss the pending business, which is the bill to extend the War Powers Act of 1942. The bill actually should be called a bill to promote reconversion and facilitate the return of military personnel to the United States.

The bill was passed by the House with certain amendments, came to the Committee on the Judiciary of the Senate, and there one amendment was adopted extending the period of the effectiveness of the War Powers Act from June 30, 1946, to December 31, 1946. However, in order to make it clear that the purpose of the administrative agency and the purpose of Congress is to continue—

Mr. MURDOCK. Mr. President, I make the point of order that the Senate is not in order.

The PRESIDENT pro tempore. The Senate will be in order.

Mr. O'MAHONEY. Mr. President, if I may be permitted to proceed, I shall make a very brief statement, and shall not detain the Senate very long.

The committee amended the bill to provide an extension until the end of 1946 instead of until June 30, 1946, as provided in the bill as it passed the House. But in order that there might be no question as to the legislative intent, that it was the intention of Congress and the intention of the executive agency to lift all controls as rapidly as possible and to retain only such controls as may be necessary for reconversion, and for the preservation, I may almost say, of small businesses, the committee wrote into the report very specific statements. I wish now to read to the Senate those statements, which will be found on the first page of the report on the bill:

It is understood by the committee in recommending the extension to December 31, 1946, instead of to June 30, 1946, as passed by the House, that it is the intention of the Office of War Mobilization and Reconversion and of the various agencies affected to lift all controls as rapidly as possible.

It is also understood by the committee that it will be the purpose of the Office of War Mobilization and Reconversion not to ask for another extension of the Second War Powers Act but, within the extended period provided by the pending act, to make specific recommendations to the Congress if future conditions should indicate that any controls should be maintained for a longer period. The Civilian Production Administration also gave assurance to the committee that industry committees would be consulted in all cases in which the extended powers are to be exercised.

Mr. President, this is not only a declaration of faith but it is the declaration of faith which can be sustained by a record of good works.

The evidence which was before the House committee at the time we began the hearing indicated—as I pointed out in the report—that the peak number of orders issued at any time during the war by the agencies which are affected by the bill was approximately 4,000, and that of these only about 220 were still in effect. However, I asked Mr. Klagsbrunn, the Deputy Director of the Office of War Mobilization and Reconversion, to prepare an accurate statement, so that I might present it to the Senate, with respect to the lifting of controls and the reduction of personnel. The record is really, I think, rather surprising.

Mr. MOORE. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield.

Mr. MOORE. I should like to ask the Senator if the controls released may not, under this extension, be reimposed. May not the orders which have been released now be reimposed?

Mr. O'MAHONEY. Technically, of course, they could be reimposed.

Mr. MOORE. And some of them have been reimposed?

Mr. O'MAHONEY. Some of them may have to be reimposed, but I think the record before the committee, as I shall show presently, is such as to allay all fears that that may be done. That is why I asked Mr. Klagsbrunn to give me a record of precisely what has been done in the lifting of controls.

The peak number of orders by the War Production Board and the Civilian Production Administration, as it is now called, amounted to just a little more

than 700. On the 1st of December 1945 only 70 were still in effect.

The OPA had 16 orders and directives issued under the War Powers Act, and of these only 2 now remain.

The Office of Defense Transportation had 3,001 orders at the peak. There now remain only 5.

The Solid Fuels Administration had 13. There now remain only 6.

The Department of Agriculture had 94 basic orders and 194 suborders, of which only 43 basic orders remain, and 174 suborders, and of these 144 have been suspended.

So that the over-all picture with respect to the agencies affected by the bill is that the peak number of orders was 4,018, that there remain in effect 300, of which 144 have been suspended, leaving only 156.

Mr. President, when that is taken into consideration, in connection with the statements from Mr. Klagsbrunn which I quoted in the report, and the statement of Mr. Small, the Administrator of the Civilian Production Administration, I think there is quite sufficient to indicate that the purpose of the agencies affected is to continue to lift these controls just as rapidly as will be at all possible, and not to reinstate any unless in the public interest it is clearly necessary to do so.

Then let it be remembered that there has been written into the report, and stated by the representatives of the organization, that consultation will be had with industry representatives in every case with respect to any of these orders. This is the statement of Mr. Klagsbrunn, speaking for Mr. Snyder:

We believe we are working ourselves out of the war controls and out of the dislocations of the war emergency very quickly. * * * We are not saying that we want controls to go on indefinitely, or on into our domestic peace economy. It is only during the period in which we are correcting the dislocations of the war economy. * * * If dislocation controls were necessary for a longer time, it would be for the Government to come up to Congress for those controls and ask for fresh legislation. It would not be a matter of continuation of a war control.

It is our view, as we have shown, we think, by our own actions in cutting out controls, that we should continue the same process in the elimination of the present controls over a reasonably short period.

Mr. Small made this statement in answer to interrogations by me, as I was presiding at the hearing:

Mr. SMALL. My own feeling is, Senator, I am a very strong advocate of the Government lifting these controls and setting industry free at the earliest possible moment. Every order and every control that we have on our books is reviewed frequently.

As a matter of fact, I go over every 2 or 3 days to find out, and to reinforce my own feeling, that this control and that control must be kept on. The burden of proof is on the man who wants to keep the control on the people, to say that this problem is so acute on this particular phase, whatever it is, that it is so acute that we must keep this on.

Mr. President, that is the clear tenor of the testimony, it is the clear tenor of the statement of the Director of War Mobilization and Reconversion, and it is the clear tenor of the committee report.

It is an expression of the legislative intent by Congress.

Mr. SALTONSTALL. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Wyoming yield to the Senator from Massachusetts?

Mr. O'MAHONEY. I yield.

Mr. SALTONSTALL. I should like to ask the Senator from Wyoming if it is fair to place the burden on the persons who want to keep the controls to show that conditions are so acute? Why is it not better to have the Congress the judge of that over a fairly short period? Why is it not better for that reason to leave the date June 30, 1946, rather than to change it to December 31, 1946?

Mr. O'MAHONEY. Because of the conditions which I am about to explain with respect to certain items. Let me say, for example, that of the two orders which the OPA still has in effect one is on sugar and the other is on tires. Those are the only rationing orders which OPA still has in effect. With respect to sugar we all know that the supplies of sugar for continental United States have historically come principally from the Philippines and from Cuba. Some have come from Puerto Rico. Then we have had our own domestic production of cane and of sugar beets. The war cut off absolutely all importations of sugar from the Philippines, and there is no prospect that such importations may be restored within 6 months. To grow sugar in the Philippines for importation into the United States, it will be necessary to stabilize the economy in the Philippines, to plant the crop, to harvest the crop, to refine the sugar, or to send the raw sugar to the United States to be refined. So we are not going to be able to depend upon our historic source of supply for over 1,000,000 tons of sugar a year from the Philippines.

With respect to Cuba, as it has happened because, again, of the shipping situation, Cuba became the principal source for all the United Nations for their supplies of sugar. The Government of the United States bought the entire Cuban crop for distribution, a part of it to us, a part of it for war purposes, for various kinds of manufacture, and a part for exportation to our allies. Let it be remembered that our entire beet sugar producing area was shut off from the Allies, except that from the Irish Free State, where the cultivation of sugar beets was begun, recently, there was I think a little trickle into Great Britain. But our supply of sugar is short. There is no prospect of it being brought up within the period of extension to June 30, 1946.

So I say to the Senator from Massachusetts, in order that the people of Massachusetts, as well as the people of Wyoming, may have an equitable distribution of the available sugar supplies the President's power ought to be extended.

With respect to tires, again we are dependent either upon synthetic rubber or upon imports of raw rubber from the Dutch East Indies and from Malaya. Is it necessary for me to point out that rubber is a commodity in short supply. Is it necessary for me to point out the unlikelihood that the Malay Peninsula and the Dutch East Indies may recover

from the ravages of war in time to export rubber before the expiration of 6 months in sufficient amount to enable us to provide the raw rubber, the natural rubber, which every expert tells us is necessary to make synthetic rubber really usable? A certain percentage of raw rubber, natural rubber, is necessary to get the best results from synthetic rubber at the present state of the development of the art.

Mr. SALTONSTALL. May I ask the Senator the same question in another way?

Mr. O'MAHONEY. Ah, now the Senator is coming back to his Massachusetts training and wants to ask the question in two or three ways. I was born there.

Mr. SALTONSTALL. And we are always glad to have the Senator come back there.

Mr. O'MAHONEY. Someone has said that the way a Yankee always answers a question is by asking another.

Mr. SALTONSTALL. In the future when I ask a question of the Senator from Wyoming I shall make no preface to my remarks.

Mr. O'MAHONEY. The Senator is asking the question of a transplanted Yankee.

Mr. SALTONSTALL. All the other price controls of OPA will expire on June 30, 1946. How could it do any harm to have these two items with relation to priorities come up when the whole OPA question is discussed next spring?

Mr. O'MAHONEY. They will come up inevitably when the OPA question is discussed next spring. When the Committee on Banking and Currency undertakes next year to pass upon the life of OPA it will then decide the question, and if the Committee on Banking and Currency should then determine that the life of OPA should be terminated, it will have the power to do so. Nothing in this bill prevents it. If it should then be the determination of the Senate and the House that rationing should be cut off, why the power is precisely there. It must be remembered that the Committee on the Judiciary is not attempting to invade the jurisdiction of other legislative committees which would normally pass upon the various subjects which are contained in this bill. And nothing in this extension would prevent the Congress or any committee of the Congress from recommending the termination of OPA powers or any other powers.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Arkansas.

Mr. McCLELLAN. Assuming that this bill is passed, extending the Second War Powers Act until December 31, 1946, even though the Congress and the Senate Committee on Banking and Currency should consider the OPA question next summer, and even if Congress should refuse to extend the OPA law, the powers herein granted would still be in effect, and under the powers herein granted the President could issue executive orders continuing these controls irrespective of whether the Price Control Act was continued or not.

Mr. O'MAHONEY. The power of the President to issue executive orders is not affected by this bill at all. That is something which is not contained in it. I submit to the Senator that to assume in the face of the marvelous record of lifting controls that it would be the purpose of the President, against every declaration he has made, to undertake a program of reinstituting controls would be, would to the least be, a most unrealistic assumption.

Mr. McCLELLAN. I am not assuming that.

Mr. O'MAHONEY. I say again to the Senator that with the specific expression of legislative intent in the bill, I think that every Member of this body may rest secure in the confident belief that the passage of this measure will only have the effect of allowing those who are handling various bureaus in good faith to continue to lift controls as rapidly as is possible in the public interest. In only a few instances are these controls necessary.

Mr. McCLELLAN. I think the Senator gained the wrong impression from my question. I realize the necessity of the enactment of this measure to extend the powers proposed to be extended. I do not think we could at this time by any means safely withdraw them.

Mr. O'MAHONEY. I am glad to hear the Senator say that. That was my own judgment, and that was the judgment of the committee.

Mr. McCLELLAN. I think the present administration has certainly indicated by its actions that it intends and desires to discontinue all these controls just as rapidly as possible. That is its record up to date. I have no doubt of the intent to continue to pursue that policy. The only question I was raising was this: OPA expires in June 1946. If we adopt the committee amendment we will extend the time to December 1, 1946, and even though the Congress did not renew the OPA Act in June 1946, under these powers, if extended by the adoption of the amendment until that time, the President could by Executive order continue rationing of articles, irrespective of what action the Congress took concerning the OPA.

Mr. O'MAHONEY. Whatever may be the legal situation, I think the Senator has correctly stated it. The realistic situation is quite the contrary. I say that if Congress should repeal the OPA, then the President would not attempt to set up the OPA again by Executive order.

I may say with respect to OPA as a whole now, not with respect to OPA as affected by this bill, that I sought to get the information on this subject, and it is a surprising, I think, and rather encouraging record which we have before us. On August 15, 1945, at the military termination of the Japanese War, the total number of persons on the OPA pay roll was 63,217, and the number of district offices was 93. On December 1 of this year the number of persons on the OPA pay roll has been reduced to 37,729, and the number of district offices had been reduced from 93 to 65.

In other words, without any suggestion from Congress, without any compulsion, the OPA has already closed 28 dis-

strict offices, and has already laid off the pay roll almost 30,000 persons.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TAFT. Can the Senator name any important object on which price control has been removed in any way?

Mr. O'MAHONEY. But price control is not affected by this bill.

Mr. TAFT. No. I maintain that priorities are inevitably and inextricably confused with price control, but together they form the method of controlling industry in the United States. The two should be considered together, it seems to me. Take the question of meat. Rationing of meat was removed, but price control was maintained, which, to my mind, encouraged the black market in meat beyond the hope of recovery. I believe that rationing of meat should have been retained, and that price control should have been abolished.

Mr. O'MAHONEY. The Senator will grant, will he not, that that is not relevant to this discussion.

Mr. TAFT. I think it is relevant to this discussion, because OPA will end the 1st of next July. In connection with the question of what controls ought to be continued, both priorities and price control should be considered at one time. The Price Control Administration is already engaged in propaganda to continue its services and powers over price control for another year. I believe that both in this field and in the field of price control it may be necessary to continue some powers.

Mr. O'MAHONEY. I believe the Senator and I are in agreement.

Mr. TAFT. The Senator has cited the case of rubber. I believe that very likely it will be necessary to continue controls with respect to certain commodities; but merely because it is necessary to continue controls with respect to certain commodities I do not think we need to continue indefinitely powers over all industry in the United States.

Mr. O'MAHONEY. I quite agree; and the committee has made it clear that there will be no indefinite control. When the Senator tells the Senate, as he has just done, that in his opinion rationing of meat should have been repealed, but that price control should have been retained, he makes an argument for the continuation of the power of OPA to ration meat.

Mr. TAFT. Exactly; and I am in favor of continuing that power until the 1st of next July. I believe that by May—that is a long time from now, and things are changing rapidly under present conditions—we may find it to be unnecessary to continue any powers, or necessary to continue only certain powers. But the Senator justifies the bill on the ground of sugar, and on the ground of rubber. I should say that it could be justified on the ground of building materials, which he has not mentioned.

Mr. O'MAHONEY. I have been interrupted. I have not been able to go all the way down the line.

Mr. TAFT. The Senator would continue indefinite powers over all products. It seems to me that those who ask for the continuation of these extraordinary

powers should be asked the question, With respect to what products is it necessary to apply controls? A continuation of the powers ought to be limited to the particular commodities of which there is a great shortage, or commodities which in some way are affected by the war condition. The door ought not to be wide open for the Government to step into any field it may decide to invade.

Mr. O'MAHONEY. Let me say to the Senator that the committee has obtained a complete meeting of the minds, and has made its declaration that there will not again be a request for the extension of the War Powers Act.

Mr. TAFT. The committee had so stated; but there is nothing, so far as I can see, which would prevent the President from calling Congress back a year from now and saying, "We must renew these powers." When the administrators are reminded of what they previously stated, they will say, "We were wrong. We are sorry." That will be the end of it. Promises a year in advance to abandon powers at the end of the year are not worth the paper on which they are written. Such promises do not amount to anything. When we call attention to them a year later, we are told, "We were wrong. We have changed our minds. Conditions are different from what we thought they were going to be." I do not believe that we can justify a continuation of these powers on the basis of some alleged promise of an administrator who may be out of office tomorrow. I do not believe that we can justify the extension on the theory that we are not to have another extension.

Mr. O'MAHONEY. I cannot escape the conclusion that the Senator is conjuring up unrealistic fears in the face of a record which is not to be denied—the record that of 4,018 orders and directives, all have been withdrawn but 156, including those which have been suspended.

Mr. TAFT. Of course, many of those orders were orders directly concerned with the production of war material. They were suspended. There is no longer any reason for them. But I venture to say to the Senator that just as the control over building material was taken off and later restored, we shall see a whole series of restorations of priority orders. While these powers were intended only for war, they are very valuable in connection with any control which anyone wishes to impose in time of peace. Many special interests will be urging that such controls be reimposed. Businessmen will be here urging that they be reimposed. Labor unions will wish certain controls reimposed. It seems to me that we ought to continue the powers only with respect to certain commodities which we feel are affected by a direct hangover from war, commodities with respect to which the powers ought to be continued. Since we are not taking that course now, I think we ought to do it next May. I do not believe that we ought to extend the powers for more than 6 months, so that we may have an opportunity to make a selective extension, as I think we should

do in the case of price control when that question arises.

Mr. O'MAHONEY. Of course, the Senator's position is very clear.

Mr. WHERRY and Mr. MAYBANK addressed the Chair.

Mr. O'MAHONEY. I yield first to the Senator from Nebraska whose voice I heard first, and to whom I have become accustomed to listening.

Mr. WHERRY. Mr. President, the Senator is most kind. I know with what zeal the distinguished Senator is supporting the proposed legislation. I do not wish to participate in the debate at this time, because I desire to listen to the entire statement of the distinguished Senator from Wyoming.

I believe that he ought to make an explanation as to the committee recommendations. I should like to have the RECORD show that I was not in attendance in the committee at the time the question of the extension of the War Powers Act was before the Judiciary Committee.

Mr. O'MAHONEY. The Senator is quite correct.

Mr. WHERRY. I was engaged in the work of the Small Business Committee, attempting to obtain clothing for our GI men. I appreciate the work which the Senator has done. It is very important that the amendment to the War Powers Act be passed before the end of this session. I believe that the Senator even wrote the report alone.

Mr. O'MAHONEY. I wrote the report, if I may plead guilty to it.

Mr. WHERRY. The point I wish to make is that the entire membership of the Judiciary Committee was not in attendance. Some of us could not be present. I should like to have the RECORD show that while I appreciate the work of the distinguished Senator who is now presenting the legislation, yet I am not in accord with the proposal to extend the act for 1 year. If I had been in attendance at the committee meetings I would have voted accordingly.

Mr. MAYBANK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Wyoming yield to the Senator from South Carolina?

Mr. O'MAHONEY. I yield.

Mr. MAYBANK. I desire to ask the distinguished Senator from Wyoming if later in his remarks he will make some statement with respect to the necessity of prolonging the extension of the powers for longer than 6 months. The House provision calls for an extension for 6 months. Many businessmen have told me that they did not consider 6 months to be sufficient time.

Mr. O'MAHONEY. The Senator is quite correct. That was the understanding.

Mr. MAYBANK. I also wish to ask the Senator—perhaps it may not be relevant to the present discussion—if he will discuss the impression made upon the committee by those in charge of the administration of the act in connection with the attempt to make certain adjustments of situations which had previously been called to their attention.

Mr. O'MAHONEY. The Senator will very well remember that he came to the committee with two representatives of the cotton processors. There was discussed in the committee an amendment which those gentlemen intended to offer to the committee, but the discussion proceeded in such a satisfactory way between those gentlemen and Mr. Smalley, Director of the Civil Production Administration, that the sponsors of the amendment withdrew the amendment. They stated that they would not ask the committee to consider it, and that they were completely satisfied with the assurances which they had received of consultation with the industry itself.

Mr. MAYBANK. I thank the Senator. I should like to ask the Senator further if he does not believe that the same thing might happen in many other instances when such conditions are called to the attention of those administering the law.

Mr. O'MAHONEY. I am sure it will; and I will say that if it did not happen I would be one of the first to take the floor and denounce those who failed to carry out the clear intent of Congress. But I do not believe that will be necessary.

Mr. President, let me briefly run over all the titles covered by the bill. It must be remembered that the War Powers Act, when originally presented, covered a very broad field, and several amendments were inserted on the floor. Some of them had to do with controls. Some of them had to do with assistance to our military forces, and so forth.

The first title deals with the emergency powers of the Interstate Commerce Commission over motor and water carriers, and the like. As indicated, the Office of Defense Transportation now has only five orders in existence. I believe one of them has to do with air transport. But this provision also deals with authority to bring back to the United States in the most expeditious manner the military personnel who are scattered all over the world. The War Shipping Administration, which is covered by this provision, has special problems, in connection with which it is felt that these powers should be continued.

Title II is an amendment of the act of July 2, 1917, dealing with the acquisition and disposition of property. Under this provision of the law, as originally adopted, the War Department, the Navy Department, and other departments had the right actually to seize and take possession of property, both real and personal, before condemnation proceedings had been instituted and completed. That provision is repealed by the bill which is now before the Senate. The power to seize property before condemnation is completely withdrawn. The only thing which is left is the power to dispose of property already taken over. That is why I call the measure a reconversion act. It makes it possible for the War Department and the Navy Department, for example, to lease real property and plants which they have, which are necessary to be kept in standby condition. Without this provision the War Department, for example, would be governed by another law—one which authorizes the making of leases; but a lease

issued under such a law would have to contain a clause giving the Secretary the power to terminate the lease at will. Of course, civilian industry cannot be built up by the issuance of leases which are terminable at will by the Secretary of War. Under the power granted by the bill he would have the right to issue a lease for 5 years, thereby giving the confidence, the certainty, and the security which are necessary if reconversion is to be brought about. There would also be authority, for example, to relocate pipe lines and water lines—an authority which would expire if this law expired. Clearly, that is a power which should not expire on the 30th of June. It will be physically impossible for the Army and the Navy to dispose within 6 months of the properties which they have thus acquired. Why, then, should not we grant the extension for a full year which the committee has recommended? It is a grant of power which is wholly in the interest of reconversion.

Title III has to do with priorities powers. That is the only question which has been discussed thus far; and since there has been some discussion of it, I shall pass it for the moment, and shall return to it later.

Title IV has to do with the purchase by the Federal Reserve banks of Government obligations. Until 1935 the Federal Reserve banks had the right to make direct purchases from the Treasury of obligations of the Government. That right was changed by the law of 1935. The War Powers Act restored the power, but it placed a limitation of \$5,000,000,000 upon the amount of Government securities which could be held at any one time by the Federal Reserve banks. The record under that war power shows that the largest amount ever held at any one time was less than \$1,400,000,000.

Mr. MURDOCK. Mr. President, will the Senator yield at that point?

Mr. O'MAHONEY. I yield.

Mr. MURDOCK. If that is true and if we have gone through the war without having the Federal Reserve System purchase, under the powers which are proposed to be extended, more Government securities than the amount mentioned by the Senator, what is the reason for continuing the maximum at \$5,000,000,000?

Mr. O'MAHONEY. Because the House of Representatives considered only the extension of the power, and no one brought up the question of the amount; and in the Senate committee no one suggested any change in the amount.

Speaking for myself, I would say that it is probable that this power is more necessary now than it was during the war period. Witness the fact that the sale of the last Government bond issue has been very much slower than the sale of any of the preceding issues. Today the national debt is greater than it has been at any previous time. The national debt is still rising. The Senator may remember that on the floor of the Senate when the tax bill was under consideration I objected to cutting down the Government's tax receipts by approximately \$6,000,000,000 at the same time we were

trying to sell \$11,000,000,000 worth of debt.

Mr. MURDOCK. If the Senator will further yield, let me say I thought he was most correct in the position he took on that point.

As I understand the powers which are granted to the Federal Reserve Board under the measure now being discussed, they have nothing whatever to do with the conduct of Government bond-sale drives, such as the one which is now coming to an end.

Mr. O'MAHONEY. Oh, no; certainly not. But I think it is of the utmost importance that when any one of the innumerable issues of Government securities which are outstanding comes to its end and must be refinanced, the Federal Reserve Board and the Federal Reserve banks shall have authority to step in and purchase them.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I am yielding to the Senator from Utah. When he concludes I shall be glad to yield to the Senator from Ohio.

Mr. MURDOCK. Mr. President, without desiring to have the discussion continued unduly, I should like to clarify in my own mind this point: As I understand the power under consideration—the authority of the Federal Reserve banks to purchase Government obligations, subject to the limitation that not more than \$5,000,000,000 worth of Government securities may be held at any one time by the Federal Reserve banks—that matter involves the financing of the Government at a time when it is anticipating the receipt of several billion dollars in taxes. The taxes may not come in as rapidly as is anticipated, and because of that the Treasury may have to resort to the procedure referred to, in order to tide it over for a very brief period of time, in anticipation of taxes. Is not that the primary purpose of the proposed extension of authority, rather than to have anything to do with the sale of Government bonds during the bond-sale drives?

Mr. O'MAHONEY. Of course it has nothing to do with the sale of bonds. I mentioned the sale of bonds and I mentioned the national debt merely to illustrate the fact that today the fiscal condition of the country is immeasurably worse than it was when this power was first granted.

Mr. MURDOCK. That is what prompted my question.

Mr. President, if the Senator will yield to me further, I wish to ask another question. Suppose Congress approves the proposed loan of \$4,490,000,000 to Great Britain—Great Britain.

Mr. O'MAHONEY. Mr. President, did the Senator say a loan to "Great Billion"?

Mr. MURDOCK. Well, the word "billion" is so commonly used nowadays that I was very close to saying it. [Laughter.]

Mr. President, under the powers proposed to be extended, would it not be possible for the Federal Reserve System to finance the entire loan to the British Government?

Mr. O'MAHONEY. Mr. President, I confess that the Senator is getting a little beyond my depth. I will say that

the loan to Great Britain cannot be made, in the first place, without the approval of the Congress.

Mr. MURDOCK. That is correct.

Mr. O'MAHONEY. If the United States Government should issue securities for the purpose of effectuating that loan, certainly under these powers the Federal Reserve banks could purchase those securities. But my understanding of the loan is that it will constitute a credit in the Treasury of the United States upon which Great Britain will draw, and that there is not the faintest prospect that if Congress approves such a loan, it will all be made at any one time.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wyoming yield, and if so, to whom?

Mr. O'MAHONEY. I still yield to the Senator from Utah.

Mr. MURDOCK. I wish to ask one more question, Mr. President. It is my opinion that under the extension of powers which it is proposed to grant to the Federal Reserve System, the entire British war loan could be financed. I do not know at the present time whether it should be done, but I invite the attention of the Senate, and of the Senator from Wyoming in particular, to the fact that this is a very convenient method and procedure on the part of the Federal Reserve System of financing great loans such as is now being contemplated in regard to Great Britain.

Mr. O'MAHONEY. Inasmuch as the loan will necessarily have to be referred to Congress for its approval, I assume that the bill or the joint resolution which will constitute the approval will be referred to the Committee on Banking and Currency of which the Senator from Utah is a very distinguished and able member.

Mr. MURDOCK. I thank the Senator.

Mr. O'MAHONEY. In that committee it will be possible for the Senator from Utah, as well as other members of the committee, to offer amendments in respect to the loan if, indeed, the committee approves the loan.

Mr. TAFT. Mr. President, the Senator from Wyoming is dealing with the subject of extending this extraordinary power which has been given, in effect, to the Federal Reserve Board, in order to force \$5,000,000,000 of Government securities on the Federal Reserve banks regardless of whether they want them.

Mr. O'MAHONEY. The power really should not be characterized as an extraordinary one, because such was the power of the Federal Reserve banks until 1935. So there is nothing extraordinary about it except in its magnitude.

Mr. TAFT. Yes; but in 1935 such power was not in the Federal Reserve Board. Prior to that time the Federal Reserve banks were independent. In 1935 the open-market committee was appointed. Power was given to say to the Federal Reserve banks, "You must buy Government bonds in the open market" or, "You will be restrained from buying bonds in the open market." When that power was granted it was expressly provided that it should extend only to the right of compelling the Federal Reserve

banks to buy bonds in the open market.

As I see it, Mr. President, the only possible restraint on the Government to issue paper money is in the \$5,000,000,000 limit. Of course, while that limit exists, the power is not entirely unlimited. At one time we tried to place a limit of \$2,000,000,000, and 30-day paper. That effort was defeated, and ultimately a five-billion-dollar limit was established.

I do not object to continuing the power for only 6 months, but there is a movement under way to make it permanent, and to that I strenuously object. At the present time I do not think it constitutes a sufficiently important factor to warrant amending the bill.

Mr. O'MAHONEY. The Senator's opinion is the same as mine, and it illustrates a fundamental proposition. There can be no grant of power, however small or great it may be, which is not open to abuse. It has been said that from the day the Constitution was ratified, the President of the United States had more power than had most monarchs. But the history of our Government has not been a history of the abuse of power by the President. In carrying on the war we granted extraordinary powers of the greatest breadth to the Army, to the Navy, and to the civilian agencies. The great glory of our country, Mr. President, and the great glory of our system, lies in the fact that those powers were not abused. Of course, there were times when the exercise of power had a very disadvantageous effect upon individuals. One of the reasons why I stand here, and why I stood in the committee, advocating the extension of the powers is because I can point to instances showing that these powers which were used for the purpose of carrying on the war can now be used for the purpose of reestablishing business enterprise which suffered by reason of the necessary exercise of the power while the war was in progress.

Mr. SALTONSTALL. Mr. President, if I heard correctly the Senator from Utah, he said that the purpose of this method of financing the Treasury is to cover the deficits which will continue until taxes can be collected. So long as we are operating at a deficit, and do not balance our Budget, we will never bring about the result to which the Senator has referred. In other words, there will always be a deficit, and the taxes collected will not be sufficient to cover the loan.

Mr. O'MAHONEY. Mr. President, allow me to interrupt the Senator and say that he has not stated the real purpose. I will read from the testimony of the expert of the Federal Reserve bank. What the Senator states as a possibility is not likely to occur.

Mr. MURDOCK. Mr. President, the Senator from Massachusetts took issue with me in my explanation, and said that what I stated was not the purpose of the extension of this power. I took it upon myself, as a member of the Judiciary Committee, to interrogate the expert who was put on the telephone as a result of a call which I made to the Federal Reserve Board during the consideration of the bill. I very carefully framed my question in order to find out the real purpose.

I will state very frankly to the Senator that the explanation which I received was that the essential purpose of the extension of this power was the very purpose which I have explained, and that the power had been exercised almost primarily for the purpose of financing the Treasury over periods of deficits in anticipation of tax receipts.

Mr. O'MAHONEY. I should not have said that it was the only purpose.

Mr. MURDOCK. If the only purpose in granting this power is to finance the Treasury over a short period of time in anticipation of the collection of taxes, I absolutely have no objection to it.

Mr. O'MAHONEY. Will the Senator permit me to show what the purpose is, as stated in the words of the expert who testified? I do not know much about this matter except what I read in the testimony, and what I heard from the witnesses who appeared before the committee.

The testimony of Mr. Goldenweiser was—

Mr. MURDOCK. From what is the Senator about to read?

Mr. O'MAHONEY. I am about to read from page 32 of the House hearings.

The testimony to which I refer reads as follows:

Mr. E. A. GOLDENWEISER. I am E. A. Goldenweiser, economic adviser to the Federal Reserve System. Since we have a public debt of \$260,000,000,000, there will be many occasions when much of it has to be refunded. The Treasury has to make estimates of the amount of revenue that it will get on a certain day, and in the very uncertain conditions that are going to prevail it could easily miss its guess by a few hundreds of millions, or even by a few billion dollars, and in that case the Treasury would find itself in a hard-pressed position for a short time in meeting this delay, even during the period while the checks go through the process of collection.

In a period of this sort it is a great convenience for the Treasury to overdraw its account on the Federal Reserve, which is what these certificates amount to in the final analysis. It is the authority to the Treasury to overdraw its account for a short time in conditions where their miscalculations or other unforeseen elements in revenues are such that they find themselves short of funds for a few days.

Mr. MURDOCK. I think that what Mr. Goldenweiser has stated is what I probably could not explain as well as I should be able to do.

Mr. O'MAHONEY. The Senator is always able to make himself understood.

Mr. MURDOCK. When I made my telephone call I asked for Mr. Goldenweiser and I was given to understand that he was in New York at that time. His very able assistant, however, was put on the telephone and his explanation was almost identical, I might say, with what Mr. Goldenweiser stated, except that he stressed the fact that the Government, in anticipating tax revenues, might find itself, as Mr. Goldenweiser stated before the committee, in difficulty and that the method under discussion was a very convenient one for taking the securities of the Government, depositing them in the Federal Reserve banks, and thereby establishing demand deposits. I hope that the use of this method will be limited to that purpose rather than to have an extension of present functions

for the purpose of financing a large loan to Great Britain, or to any other country.

Mr. O'MAHONEY. Mr. President, I hope that the Committee on Banking and Currency will undertake to see that this method is not used to finance loans when the loan bill comes before the Committee on Banking and Currency.

Mr. SALTONSTALL. I should like to finish the question I desired to propound. The sales referred to are direct sales from the Treasury to the Federal Reserve banks. The interest rates are set as a closed transaction; they are not set by the open market.

Mr. O'MAHONEY. That is correct.

Mr. SALTONSTALL. There was testimony before one of the committees, which I have read, to the effect that one of the problems under the national housing bill, which was introduced a few days ago, the Wagner-Elender-Taft bill, was that the interest rates would be so low that they might affect insurance premiums, because the companies would have to charge more. Therefore the witness testifying questioned the bill setting interest rates so low.

If the Treasury and the Federal Reserve banks, in a closed transaction, not in the public market, set their interest rates, it may affect interest rates everywhere, it may affect insurance premiums, and everything else of the same character. My question is, if that be true, or even half true, is it not better to limit the proposed act to 6 months, and let us look it over again next June?

Mr. O'MAHONEY. I personally doubt that that is necessary, because the past is the guaranty of the future.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point the table which I now hand to the reporter, showing holdings by the Federal Reserve banks of special short-term Treasury certificates purchased directly from the Treasury since March 1942.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Holdings by the Federal Reserve banks of special short-term Treasury certificates purchased directly from the Treasury since March 1942

[In millions of dollars]		Amount
1942:		
June 16	-----	58
June 19	-----	70
June 20	-----	47
June 22	-----	34
June 23	-----	94
Sept. 15	-----	324
Sept. 16	-----	189
Sept. 17	-----	286
Sept. 18	-----	76
Sept. 19	-----	53
Nov. 27	-----	139
Nov. 28	-----	329
Nov. 30	-----	422
Dec. 1	-----	98
Dec. 10	-----	16
Dec. 15	-----	145
1943:		
Jan. 29	-----	115
Jan. 30	-----	202
Mar. 2	-----	3
Mar. 4	-----	174
Mar. 5	-----	354
Mar. 6	-----	543
Mar. 8	-----	591
Mar. 9	-----	648

1943—Continued	Amount
Mar. 10	632
Mar. 11	790
Mar. 12	940
Mar. 13	1,043
Mar. 15	1,302
Mar. 16	1,250
Mar. 17	981
Mar. 18	836
Mar. 19	778
Mar. 20	768
Mar. 22	603
Mar. 23	700
Mar. 24	512
Mar. 25	432
Mar. 26	384
Mar. 27	304
Mar. 29	104
Mar. 30	40
June 15	805
June 16	659
June 17	350
June 18	256
June 19	212
Sept. 8	11
Sept. 9	126
Sept. 10	243
Sept. 11	246
Sept. 13	214
Sept. 14	179
Sept. 15	424
Sept. 16	258
1945: Mar. 15	4

Mr. TAFT. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I will ask the Senator to pardon me just a moment. The Senator from Texas [Mr. CONNALLY] was on his feet several moments ago and I could not yield to him at that time, and should like to extend the courtesy to him now.

APPOINTMENT OF AMERICAN REPRESENTATIVES TO THE UNITED NATIONS ORGANIZATION—CONFERENCE REPORT

Mr. CONNALLY. Mr. President, I wish to be entirely fair to the Senator. I wish to present a conference report the consideration of which will take only 2 or 3 minutes, in my opinion. It is a report on the bill we passed a few days ago providing for the appointment of our representatives to the United Nations Organization. The first meeting will take place on the 10th of January, and the situation is rather unusual; so I ask the Senator whether he will not yield so that I may take his matter up.

Mr. O'MAHONEY. I shall be very happy to yield to the Senator for that purpose.

Mr. CONNALLY submitted the following conference report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1580) to provide for the appointment of representatives of the United States in the organs and agencies of the United Nations, and to make other provision with respect to the participation of the United States in such Organization, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 1; and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "annum, as he shall determine, but the representative of the United

States in the Economic and Social Council and in the Trusteeship Council of the United Nations shall be appointed only by and with the advice and consent of the Senate, except that the President may, without the advice and consent of the Senate, designate any officer of the United States to act, without additional compensation, as the representative of the United States in either such Council (A) at any specified meeting thereof in the absence or disability of the regular representative, or (B) in connection with a specified subject matter at any specified meeting of either such Council in lieu of the regular representative. The advice and consent of the Senate shall also be required for the appointment by the President of the representative of the United States in any commission that may be formed by the United Nations with respect to atomic energy or in any other commission of the United Nations to which the United States is entitled to appoint a representative."

And the House agree to the same.

ALLEN J. ELLENDER,

ROBERT F. WAGNER,

ELBERT D. THOMAS,

ROBERT M. LA FOLLETTE, Jr.,

A. H. VANDENBERG,

Managers on the Part of the Senate.

SOL BLOOM,

LUTHER A. JOHNSON,

CHARLES A. EATON,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. CONNALLY. Just one word, Mr. President. The only difference in disagreement was as to the matter of the confirmation of appointees to represent the United States. Additional language was added to the bill, as follows:

The advice and consent of the Senate shall also be required for the appointment by the President of the representative of the United States in any commission that may be formed by the United Nations with respect to atomic energy or in any other commission of the United Nations to which the United States is entitled to appoint a representative.

The Senate inserted a provision that Representatives and Senators should be confirmed as all other appointees were confirmed. Some question was raised as to whether or not confirmation in the case of a Senator or Representative might be construed as appointing him to another office, and thereby creating a vacancy in his office as a Member of Congress. After very thorough consideration the committee decided that that was not the case.

Mr. President, I have here a memorandum which I should like to have inserted in the RECORD. I shall not read it, but it contains a ruling by Attorney General Harry M. Daugherty holding that a temporary appointment of this particular kind does not constitute an office. The ruling was brought about by the appointment of Representative Burton and Senator Smoot to the Debt Funding Commission following the First World War. The memorandum contains a number of court decisions on other cases. I ask unanimous consent that it be printed in the RECORD, not as a part of my remarks, but as a memorandum.

The PRESIDING OFFICER. Is there objection?

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

The House Committee on Foreign Affairs considered whether the amendments made on the floor of the Senate to section 2 (c) of S. 1580—by providing for Senate confirmation of the representatives to the General Assembly and the payment of compensation to them—resulted in the creation of an office under the authority of the United States within the meaning of the constitutional provision against Members of Congress holding Federal office. The provision in question, which is article I, section 6, of the Constitution reads as follows:

"No Senator or Representative shall, during the time for which he was elected, be appointed to any civil office under the authority of the United States which shall have been created or the emoluments whereof shall have been increased during such time, and no person holding any office under the United States shall be a Member of either House during his continuance in office."

In the light of the available precedents, and in order to minimize any possibility of ineligibility on the part of the Members of Congress to act as representatives to the General Assembly, the House amended section 2 (c) so as to provide that Members of Congress should not be entitled to receive compensation for serving in this capacity. On this basis it is believed that no such ineligibility has been created.

One of the most important precedents in which this whole question was thoroughly explored is the case of the appointment of Senator Smoot and Representative Burton to serve on the World War Foreign Debt Commission in 1922. This Commission was created by joint resolution of Congress providing for a Commission consisting of five members under the chairmanship of the Secretary of the Treasury to be appointed upon Senate confirmation. The functions of the Commission were, subject to the approval of the President, to refund or convert or extend the time of payment of any obligation of any foreign government to the United States arising out of the World War. Attorney General Daugherty rendered an opinion to the effect that the Members of Congress could validly be appointed to act on the Commission despite the provision of the Constitution. The following excerpts indicate the reasons on which this opinion was based:

"I have failed to find any judicial interpretation of the section of the Constitution now under consideration, and in the absence of such finally authoritative interpretation, great weight must be attached to the practical construction put upon the Constitution from the beginning of the Government. In such practical construction a distinction has always been made between special employment on the one hand and offices on the other, and between offices—using that term in a general sense—which serve only a temporary purpose, and those which have duration and permanency. From the very beginning of the Government Members of the Senate and the House have, from time to time, been asked to render services for the Government upon commissions of various kinds, and it has never been decided that such temporary employment for a special purpose and to serve an immediate exigency constituted a civil office within the meaning of the constitutional provision above referred to.

"The Supreme Court has held in a number of cases (*United States v. Hartwell* (6 Wall. 385); *United States v. Germaine* (99 U. S. 508); *Auffmordt v. Hedden* (137 U. S. 310)) that the word 'office' 'expresses the idea of tenure, duration, emolument, and duties.' Its duties must be 'continuing and permanent, not occasional and temporary.' In the last-cited case the office then under consideration had no general functions, nor any

employment which had any duration as to time or which extended over any case further than the power to act on that particular case. It was held by the Supreme Court 'that the incumbent did not hold an "office" within the meaning of article II, section 2, of the Constitution.'

"Where, therefore, a position does not have continuancy and permanency and its function is restricted to a single matter, the position seems to be that of an executive agent and not an 'office' within the meaning of the Constitution.

"Many cases could be cited in other jurisdictions and the views of text writers could also be readily adduced to justify the theory that the idea of an office 'clearly embraces the idea of tenure, duration, fees or emoluments, rights, and powers, as well as that of duty.'

"Applying this distinction between an 'office' and a temporary trust to the act of Congress which created the World War Foreign Debt Commission, I would say that for several reasons it excludes the application of the word 'office' as above defined.

"The commissioners receive no compensation.

"Their tenure of office is limited in time and is restricted to a single object.

"The subject matter of their duties is work in which the Congress has a peculiar interest and as to which it is finally responsible; for if the adjustment of the debts due to the United States by foreign nations shall ultimately be accomplished by treaty, the latter must receive the sanction of the Senate and therefore there is propriety in a Member of that body participating in the negotiations. So far as the adjustment of the debt does not depend upon treaty obligations, the question as to what adjustment will be made of it is for Congress to determine, and it has seen fit to delegate the difficult task of adjustment to the Commission, with the approval of the President. This increases the propriety of having a Member of the Senate and of the House participate in such adjustment.

"Moreover, the Commissioners can take no action except with the approval of the President. Their duties, therefore, are primarily those of negotiators for the terms of such adjustment, and, secondarily, as an advisory body to the President of the United States."

The Senate Judiciary Committee, to whom the question was referred, recommended against the confirmation of the nominees on the basis of the alleged constitutional ineligibility. A minority report, however, agreed with the views of the Attorney General. After a full debate of the matter on the floor of the Senate, Messrs. Smoot and Burton were confirmed by a vote of 47 to 25. There are numerous other cases in which Members of Congress have been appointed on commissions to settle international disputes such as boundary commissions or other arbitration commissions.

Mr. CONNALLY. Mr. President, I ask for a vote on the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

NOMINATION OF AMERICAN REPRESENTATIVES TO THE UNITED NATIONS ORGANIZATION

Mr. CONNALLY. Mr. President, I understand the President has sent to the Senate certain nominations of delegates to the forthcoming meeting of the United Nations Organization. If that be true, I shall have to ask the indulgence of the Senator from Wyoming for about 2 minutes so that as in executive session the Senate may confirm the nominations.

Mr. O'MAHONEY. When the time arrives for the Senate to go into executive session, I will say to the Senator from Texas, I hope I shall not be on my feet. I shall be present, however, to listen to the words of the Senator from Texas.

Mr. CONNALLY. I thank the Senator.

The PRESIDING OFFICER. The nominations referred to by the Senator from Texas have been received.

Mr. CONNALLY. I will ask the Presiding Officer to lay the President's message before the Senate.

The PRESIDING OFFICER. As in executive session, the Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read as follows:

To the Senate of the United States:

In conformity with the provisions of S. 1580, I am sending to the Senate herewith for its advice and consent nominations of the American representatives and alternate representatives for the first part of the first meeting of the General Assembly of the United Nations which is to convene in London early in January. I am also sending to the Senate herewith the nominations of the American representative to the Security Council which will also meet in London sometime in January as soon as that body has been established through the election of its nonpermanent members by the General Assembly.

Section 2 (d) of the pending bill wisely provides that the President, or the Secretary of State at the direction of the President, may represent the United States at any meeting of the United Nations regardless of those provisions which call for the appointment of representatives by and with the advice and consent of the Senate. At my request the Secretary of State will, for at least a portion of the session, attend the initial session of the General Assembly. For that reason I am sending to the Senate the nominations of only four representatives to the General Assembly. The Secretary of State will, during the period he is present, act as the senior representative of the United States to the General Assembly. The nominations of the alternates will insure that there will at all times be five representatives of the United States qualified under the provisions of S. 1580.

HARRY S. TRUMAN.

THE WHITE HOUSE, December 19, 1945.
[Enclosures: Nominations.]

THE WHITE HOUSE,
December 19, 1945.

To the Senate of the United States:

I nominate Edward R. Stettinius, Jr., of Virginia, to be the representative of the United States of America to the United Nations with the rank and status of Ambassador Extraordinary and Plenipotentiary, and the Representative of the United States of America in the Security Council of the United Nations.

HARRY S. TRUMAN.

THE WHITE HOUSE,
December 19, 1945.

To the Senate of the United States:

I nominate the following-named persons to be representatives of the United States of

America to the first part of the first session of the General Assembly of the United Nations to be held in London, January 1946:

Edward R. Stettinius, Jr., of Virginia.

TOM CONNALLY, United States Senator from the State of Texas.

ARTHUR H. VANDENBERG, United States Senator from the State of Michigan.

Mrs. Anna Eleanor Roosevelt, of New York.

In the absence of the President or the Secretary of State, Mr. Stettinius will be the senior representative of the United States of America to the first part of the first session of the General Assembly.

HARRY S. TRUMAN.

THE WHITE HOUSE,
December 19, 1945.

To the Senate of the United States:

I nominate the following-named persons to be alternate representatives of the United States of America to the first part of the first session of the General Assembly of the United Nations to be held in London, January 1946:

SOL BLOOM, a Member of the United States House of Representatives from the State of New York.

CHARLES A. EATON, a Member of the United States House of Representatives from the State of New Jersey.

Frank C. Walker, of Pennsylvania.

John Foster Dulles, of New York.

John G. Townsend, Jr., of Delaware.

HARRY S. TRUMAN.

The PRESIDING OFFICER. The nominations will be referred to the Committee on Foreign Relations.

Mr. WHITE. Were these nominations received today?

Mr. CONNALLY. They were received today.

Mr. WHITE. Did the Committee on Foreign Relations act on them this morning?

Mr. CONNALLY. The committee has authorized me to report them favorably, which I now do.

The PRESIDING OFFICER. Is there objection to proceeding to the consideration of the nominations? The Chair hears none.

Mr. BILBO. Mr. President, I understood that nominations had to lie on the table for 1 day before action.

Mr. CONNALLY. I hope the Senator will not insist on that rule. I asked unanimous consent for the consideration of the nominations as in executive session.

Mr. LANGER. Mr. President, I object to none of them except that of Mr. Stettinius. I have no objection to any of the others, but I prefer to take them up separately, and I want a chance to be heard on the nomination of Mr. Stettinius.

Mr. CONNALLY. Then, I ask for a vote on all the others at this time.

The PRESIDING OFFICER. Is there objection?

Mr. O'MAHONEY. Mr. President, I hope the Senator will not take that action, because we have before us a very important bill, and we were about to dispose of it.

Mr. CONNALLY. I am not disposed to take up the Stettinius end of the matter, I will say to the Senator.

Mr. O'MAHONEY. I understand, but I think in the interest of orderly procedure, if the Senator from Texas will permit me to conclude my statement on the War Powers Act, the results will be

very much better. We have had 2 weeks of example of what confusion is promoted by switching subjects before they have been determined by the Senate. I hope the Senator will withhold his request.

Mr. CONNALLY. Certainly, I shall do what the Senator wishes. I thank the Senator for having indulged me thus far.

Mr. O'MAHONEY. I think I shall conclude in half an hour if Senators will not continue to ask me so many questions.

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Without objection, the nominations are all confirmed with the exception of that of Mr. Stettinius.

Mr. TAFT. No, Mr. President; I do not think there was a motion put or suggestion made or unanimous consent request made for confirmation.

The PRESIDING OFFICER. The Chair understood the Senator from Texas made such a request.

Mr. TAFT. I understood he was going to proceed with the request.

Mr. CONNALLY. Mr. President, I am at a loss. I am not clear on the matter. I do not know whether the motion was put or not. It was my purpose to move the confirmation of all the nominations except that of Mr. Stettinius, but on the intervention of the Senator from Wyoming I was ready to let the matter go over.

The PRESIDING OFFICER. The Chair made the statement "without objection," and of course if there is objection the nominations are not confirmed.

Mr. TAFT. I make the objection, Mr. President. It seems to me that nominations of such tremendous importance ought to lie over for a day for the consideration of the Senate. I shall vote for all of them, but I do not like the precedent set of having important nominations presented and passed on immediately, when many Senators have not even heard the names, do not know that the nominations have been made. I think we should insist on the regular order. I do not insist that the names go to the committee. I do not think they should at all, but I do think the nominations should lie over 1 day.

Mr. CONNALLY. Mr. President, will the Senator from Wyoming yield to me for just one word?

Mr. O'MAHONEY. I yield to the Senator from Texas.

Mr. CONNALLY. I wish to say a word in reply, Mr. President. I do not suppose it will make any difference to the Senator from Ohio, but the Senator from Texas is leaving the city tonight, and he was very anxious to conclude this matter. But I suppose on objection—

Mr. TAFT. Mr. President, if the Senator from Texas will yield, I shall be glad to take his place tomorrow and urge the confirmation of all the nominations, including that of himself, but I think as a matter of practice it ought not to be done today.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House

had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4305) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 18, 35, 42, 43, 54, and 58 to the bill, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 59 and 103 to the bill, and concurred therein, each with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3749) to amend the Servicemen's Readjustment Act of 1944 to provide for a readjustment allowance for all veterans of World War II.

AMENDMENT OF SECOND WAR POWERS ACT OF 1942

The Senate resumed the consideration of the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended.

Mr. TAFT. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield.

Mr. TAFT. The distinguished Senator from Wyoming has placed in the RECORD a list of the limited amounts in which this power has been availed of during the war, when, as I understand, the Federal Reserve Board has overdrawn its account with the Federal Reserve banks, in some cases up to \$1,300,000,000, and, as I understand, only for special short-term Treasury certificates, and not for any long-term bonds? Is that correct?

Mr. O'MAHONEY. That is my understanding.

Mr. TAFT. I merely want to say that I think that was the purpose of the original law, and I offered an amendment which proposed a limitation of \$2,000,000,000 and 30-day certificates. If that amendment had become a part of the law the Treasury would have operated within its terms. But the danger is not when bonds can be sold. The danger comes when bonds cannot be sold. What happened in Germany and in France when they had this power and forced on the central banks their notes when they could not sell them to the public, was simply to build up an inflation which was extremely dangerous. Therefore I think this power should not be permanent, and it ought to be more severely limited than as now provided. Yet the \$5,000,000,000 limitation is an effective limitation.

Mr. O'MAHONEY. The Senator is quite correct, but the fact that it never reached the amount which he suggested in his original amendment of \$2,000,000,000, is another striking illustration of the fact that the power we granted was not abused.

Mr. TAFT. No, the power was not abused but I wanted to point out that it has not been necessary to exercise it to the limit. What has been done is to force the Federal Reserve banks to buy \$22,000,000,000 or \$23,000,000,000 of Government bonds, which they hold today, which is pure and simple inflation. I mean it has created that much purchasing power with no corresponding production or anything else.

Mr. O'MAHONEY. The Senator is perfectly correct.

Mr. TAFT. That power, it seems to me, has been rather abused. I trust very much that the Federal Reserve banks may get rid of that tremendous proportion of Government bonds.

Mr. O'MAHONEY. I suggest to the Senator that when Congress year after year passes bills such as the housing bill, sponsored by the distinguished Senator from Ohio, which was enacted into law within the past few days, creating new demands upon the resources of the United States, we are building up the national debt. There is your inflation. That is done in the face of a national debt of \$260,000,000,000.

Mr. TAFT. But \$100,000,000 a year for housing, or \$75,000,000 for hospitals must be balanced by taxes. There is no excuse for issuing bonds to cover such an expense. I may say that \$100,000,000 a year for housing, which is probably the most important necessity of American life, if we ever appropriate it, seems to me to be a very minor part of \$22,000,000,000, which will probably be the approximate amount of Government expenditures.

Mr. O'MAHONEY. The Senator is quite correct. And the problem with which we are confronted is a problem which can be settled only by the Banking and Currency Committee and by the Finance Committee. The step that was taken by the Finance Committee and by the Senate within the last few weeks to cut our tax receipts at the very time that our national debt was piling upward was the very reverse of the fight upon inflation.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HAYDEN. I have been very much interested in the explanation the Senator has been making and in the various reasons he has given for the bill. But we are pressed in the matter of time. Some of us have to go to conference at half past 3, particularly the Senator from Georgia [Mr. RUSSELL] and myself. We have prepared an amendment to which I understand there is no objection.

Mr. O'MAHONEY. There is no objection on the part of the Senator in charge of the bill. The Senator is referring, I think, to the amendment which he proposed to offer to title X of the War Powers Act.

Mr. HAYDEN. That is correct.

Mr. O'MAHONEY. May I say first that title X is not a part of the bill before the Senate, because in the form in which it was passed in the War Powers Act, it was permanent legislation, and granted powers? If the Senator desires to amend

that title I shall be very glad to have him explain the amendment, and I will say to the Senator that when the time comes to offer the amendment I shall be very glad to support it. I am sorry that although the Senator spoke to me about the amendment before the Committee on the Judiciary met, I utterly neglected to call it to the attention of the committee.

Mr. HAYDEN. I can state the case to the Senate in a moment. Title X, which we propose to amend, relates to the naturalization of persons serving in the armed forces of the United States in the present war, and reads:

Any person not a citizen, regardless of age, who has served or hereafter serves honorably in the military or naval forces of the United States during the present war and who, having been lawfully admitted to the United States, including its Territories and possessions, shall have been at the time of his enlistment or induction a resident thereof, may be naturalized upon compliance with all the requirements of the naturalization laws except that (1) no declaration of intention and no period of residence within the United States or any State shall be required; (2) the petition for naturalization may be filed in any court having naturalization jurisdiction regardless of the residence of the petitioner; (3) the petitioner shall not be required to speak the English language, sign his petition in his own handwriting, or meet any educational test.

It was entirely proper to do that while we were at war, when men were risking their lives to fight for us. Then we gave them these easy terms of citizenship. But now the war is over. No one is going to be required to fight for us. I took the matter up with the Senator from Georgia [Mr. RUSSELL], the chairman of the Committee on Immigration, and we proposed to change the law by striking out this provision:

The petition shall be filed not later than 1 year after the termination of the effective period of those titles of the Second War Powers Act, 1942, for which the effective period is specified in the last title thereof.

And substitute in lieu thereof:

And (3) the petition shall be filed not later than December 31, 1946.

That is, any alien who has entered our Army would have all of next year in which to perfect his citizenship.

Then there is the further provision in the amendment:

No person shall be naturalized under the provisions of this title unless such person had served in the military or naval forces of the United States prior to the date of enactment of this section.

That is to say, if he enlists in our Army from now on he will not be entitled to the benefits of the provisions of the title.

Mr. President, I shall offer the amendment, so it may be acted upon, and if accepted it will be out of the way.

Mr. O'MAHONEY. I understand the amendment which the Senator offers is not the printed amendment?

Mr. HAYDEN. The printed amendment is exactly what I am offering. I should like to offer the printed amendment and if there is no objection to it we will get it out of the way and the Senator from Georgia and I can leave.

The PRESIDING OFFICER. The committee amendment must first be acted upon.

Mr. O'MAHONEY. Mr. President, I merely wanted to be sure that the amendment now offered is in harmony with the bill as reported by the committee. I have no objection to the amendment.

The PRESIDING OFFICER. The committee amendment must first be acted upon.

Mr. O'MAHONEY. Mr. President, this is not a committee amendment. The Senator has asked unanimous consent to offer the amendment. I have no objection, and I am willing to accept the amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona that he be permitted to offer an amendment? The Chair hears none. The amendment offered by the Senator from Arizona [Mr. HAYDEN] for himself and the Senator from Georgia [Mr. RUSSELL] will be stated.

The LEGISLATIVE CLERK. On page 2, between lines 2 and 3, it is proposed to insert the following:

(c) Title III of the Nationality Act of 1940, as amended by title X of the Second War Powers Act, 1942 (relating to naturalization of persons serving in the armed forces of the United States during the present war), is amended as follows:

(1) Section 701 of such title is amended by striking out "and (3) the petition shall be filed not later than 1 year after the termination of the effective period of those titles of the Second War Powers Act, 1942, for which the effective period is specified in the last title thereof" and inserting in lieu thereof "and (3) the petition shall be filed not later than December 31, 1946."

(2) Such title is amended by adding at the end thereof the following new section:

"SEC. 706. No person shall be naturalized under the provisions of this title unless such person has served in the military or naval forces of the United States prior to the date of enactment of this section."

On page 2, line 3, strike out "(c)" and insert "(d)."

On page 2, line 10, strike out "(d)" and insert "(e)."

On page 2, line 14, strike out "(e)" and insert "(f)."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona for himself and the Senator from Georgia [Mr. RUSSELL].

Mr. SALTONSTALL. Mr. President, I should like to ask a question. Under the terms of the proposed amendment, could an alien who had served in our armed forces be naturalized without ever having been in the United States?

Mr. HAYDEN. That is what the law now provides.

Mr. SALTONSTALL. I thought the present law required that he be in the United States.

Mr. HAYDEN. No. The provision in the present law is as follows:

Any person not a citizen, regardless of age, who has served or hereafter serves honorably in the military or naval forces of the United States during the present war and who, having been lawfully admitted to the United States, including its Territories and possessions, shall have been at the time of

his enlistment or induction a resident thereof, may be naturalized upon compliance with all the requirements of the naturalization laws except that (1) no declaration of intention and no period of residence within the United States or any State shall be required; (2) the petition for naturalization may be filed in any court having naturalization jurisdiction regardless of the residence of the petitioner; (3) the petitioner shall not be required to speak the English language, sign his petition in his own handwriting, or meet any educational test; and (4) no fee shall be charged or collected for making, filing, or docketing the petition for naturalization, or for the final hearing thereon, or for the certification of naturalization, if issued.

Mr. SALTONSTALL. That means that he must at one time have been in a Territory or State.

Mr. HAYDEN. Yes.

Mr. RUSSELL. The Senator from Massachusetts is correct. Under the War Powers Act, any alien, even though he were a visitor here, under a visitor's visa, if he were legally admitted to the country, and if he entered the armed forces of the country, would have to meet none of the tests of naturalization.

Mr. SALTONSTALL. Has the committee ever considered permitting a soldier in the Army of the United States to be naturalized if he has never been in the country?

Mr. RUSSELL. I do not understand that that can legally be done. This amendment would not affect such a case. We did have a special law in the case of natives of the Philippines who went into the armed forces of the Philippine National Army. They were allowed citizenship in the United States, but that privilege has since been terminated by law.

Mr. SALTONSTALL. Is it the opinion of the chairman of the committee that an extension of the privilege along the lines I have suggested might be unwise?

Mr. RUSSELL. We are not proposing to extend it. We are proposing to terminate it. Under the general war powers bill presented by the Senator from Wyoming an alien could go into the armed forces of the United States next May and be entitled to become naturalized as an American citizen merely by virtue of the fact that he had gone into the armed forces, though he did not do so in a time of danger.

Mr. O'MAHONEY. Mr. President, if the Senator will permit me to make a correction, nothing that has been proposed by the Senator from Wyoming affects this question.

Mr. RUSSELL. No; I did not intend so to infer. I did not mean to say that the pending bill affected the situation. It does not affect it in any degree, because under the War Powers Act any person would have a right to enlist in the United States Army or Navy, up until the time when hostilities were officially terminated, either by act of Congress or by Presidential proclamation, and thereby become entitled to naturalization as an American citizen.

Mr. SALTONSTALL. Provided he had once been in the country.

Mr. RUSSELL. Provided he had once been legally admitted to the country. The amendment provides that that privilege shall be terminated upon the approval of the pending bill. In other

words, a person could not enlist in the Army after the approval of the act and thereby be entitled to citizenship.

Mr. SALTONSTALL. As I understand, in the opinion of the Senator the act should not be amended so as to permit a man who went into the Army in January 1942 to become a citizen if he had never been in a Territory or State of the United States.

Mr. RUSSELL. Personally, I would strongly oppose such a proposal.

Mr. SALTONSTALL. I thank the Senator.

Mr. RUSSELL. The purpose of the amendment is to terminate the power to grant citizenship, and not to extend it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. HAYDEN] for himself and the Senator from Georgia [Mr. RUSSELL].

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, the next title is title V, which constitutes a waiver of the navigation and inspection laws. This is necessary if we are to continue to expedite the transportation of our military personnel from foreign soil to the United States. The waiver of certain inspection rules is necessary in order to make effective use of all the vessels which are available to the Army and Navy, and because of the fact that the military occupation of foreign areas is not likely to be terminated by the 30th of June, the committee was of the belief that this power should be extended.

Title VI of the War Powers Act is not affected by the bill which is now before the Senate. It involves the power to requisition. By previous legislative action Congress has extended the power of requisition to June 30, 1946, and nothing in this bill extend that power or affects it in any way, so no further extension is required.

Title VII is the title which exempts from the Hatch Act persons who are voluntary members of ration boards and other Government agencies—those who are patriotically contributing their services toward the carrying out of various activities.

Title VIII of the original War Powers Act has already expired, and there is no proposal here to continue it.

Title IX of the original act was the title which provided free postage for sailors, soldiers, and marines. That provision has been made permanent law by the passage of the act approved October 6, 1945. Therefore, this bill provides that it shall be eliminated from the War Powers Act.

Title X deals with the naturalization of persons serving in the armed forces. The only amendment is the amendment which the Senate itself has now adopted. The committee proposed none.

Title XI deals with the acceptance of conditional gifts to further the war program. The bill before us limits it exclusively to the acceptance acceptance of gifts which are in the interest of our military personnel abroad. I might say, for example, that the Government of France has made a contribution of \$20,000,000, I believe, which went into the gift account in the Treasury Department, and

which is being used for the purpose of supplementing the income of our soldiers in France. The GI and the officer, no matter what his rank, each receives every month 850 francs out of this fund, in addition to the pay which he receives from the Government of the United States. Eight hundred and fifty francs amounts to approximately \$17. The purpose of this provision is to enable the American soldier abroad to adjust himself to the existing exchange. That, I submit, is a power which should not be made to expire on the 30th of June.

Title XII deals with the coinage of 5-cent pieces. Because of the shortage of copper and nickel during the war, the War Powers Act authorized the coinage of 5-cent pieces composed 50 percent of silver and 50 percent of copper. That power would not expire until December 31, 1946. The bill before us makes that power terminate as of December 31 this year, so it is a cutting down and not an extension of one of the war powers.

Title XIII of the War Powers Act deals with the inspection and audit of war contractors. That is in the nature of permanent legislation. It is not affected by this bill in one way or the other.

Title XIV deals with the utilization of vital war information. For example, it allows the Civilian Production Administration to obtain from the Bureau of Census of the Department of Commerce statistics which otherwise would not be available.

The next title is Title XV, the time limit and the short title. It is to this title that the committee amendment has been reported, granting an extension to December 31, 1946, instead of June 30, 1946.

The law expires on the 30th of December this year, unless extended. We are rapidly drawing to the close of this session. We are rapidly approaching the 31st of December. I say, without any equivocation or reservation, that in my judgment the extension of the power for a full year is definitely in the public interest; that the power granted will not be abused; and that if there should be any danger of abuse the Congress could readily correct it. Precautions have been taken which will guarantee full conference with various industry committees; and, above all, there is the record which has been made by the war agencies affected by the bill. That record is such as to make it clear, in all reason, that we can depend upon the assurances which have been given by everyone in the executive branch, from the President down, that the purpose is to lift these controls as rapidly as possible.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. LA FOLLETTE. Before the Senator from Wyoming takes his seat, I should like to ask him a question.

Mr. O'MAHONEY. I shall be very happy to try to answer it.

Mr. LA FOLLETTE. Knowing the Senator's jealous regard for the powers and prerogatives of the Congress, may I ask why he feels that it is necessary to make this extension until the 31st of December 1946, and what harm could

come from a review by the Congress prior to the 30th of June 1946?

Mr. O'MAHONEY. I will answer the Senator in this way: I have just recited all the titles in the bill. In all of them, with the exception of title III, there is a perfectly obvious reason why the extension should be granted to the 31st of December of next year. Consider, for example, the authority to continue to receive francs for the benefit of our military personnel in France. Why should we cut that off?

Mr. LA FOLLETTE. Mr. President, knowing the Senator's regard for the preservation of the powers of the legislative arm of the Government, if it is obvious on the face of the titles which he has recited that they should be extended, I am simply asking what harm could come from a review of the entire situation by the Congress before the 30th of June 1946.

Mr. O'MAHONEY. Mr. President, I do not think any particular harm would come, but I think the better practice would be to grant this extension so that the Civilian Production Administration, particularly, will be in a position to protect the public interest.

Let me give the Senator an example. Consider the case of tin. We all know that tin is in short supply. We know that it is not produced in the United States. We know that we must depend upon importations from Malaya, Sumatra, and Java. If the power of the Civilian Production Administration to allocate tin to all of those in the United States who wish to use the short supply of tin should be repealed as of the 30th of June 1946, it would be repealed, first, before the tin supply which we need had been made available; and in the second place it would be a mistake because it would immediately create conditions under which those in a position to hoard tin could do so to the disadvantage of the little businessmen all over the United States.

So, bearing in mind that when a particular power of this kind is dying as of a certain deadline, the inevitable reaction of those who are affected by allocations and priorities is to say, "Well, this power will die in just a few weeks, so we shall pay no attention to it," I am convinced that with respect to lumber, tin, rubber, and other items, it will be necessary in the public interest that these powers be extended for a full year, and that, therefore, because of the effect upon clothing for example, or the effect upon brick for small brickyards all over the country, a failure to extend the power would be against the interests of the small businessman, against the interests of those who are not in the position of some of the large industries which are able to obtain their own supplies.

Mr. LA FOLLETTE. I thank the Senator for his statement. Will he further yield, to permit me to ask him another question?

Mr. O'MAHONEY. Certainly.

Mr. LA FOLLETTE. In view of the fact that very shortly there will be a recess of the Congress for the holiday season, is the Senator convinced that if the amendment is attached by the Sen-

ate it will be concurred in by the House of Representatives?

Mr. O'MAHONEY. Of course, I cannot say as to that.

Mr. LA FOLLETTE. The Senator has stressed the urgency of making the extension. I think we all concede that. But I apprehend that within the next 48 hours both Houses of Congress will be doing business by unanimous consent, or else not doing business at all.

Mr. O'MAHONEY. I can only say to the Senator that the Member of the House Committee on the Judiciary who was in charge of the bill in the House of Representatives, and who made the report in the House of Representatives—the distinguished and able Representative from Alabama [Mr. HOBBS]—was on the floor of the Senate this afternoon during the discussion of this bill. He talked to me during one of the interruptions, and he gave no indication that there would be any difficulty. I may say to the Senator that if any difficulty arises, I think it can be straightened out.

AMERICAN FOREIGN POLICY—PERSONAL STATEMENT

Mr. HATCH. Mr. President, a moment ago I observed that the Senator from Arkansas [Mr. FULBRIGHT] was temporarily out of the Chamber, and I asked a page to request him to return, inasmuch as I wished to make a few remarks in which I thought he would be interested. I observe that he has now returned to the Chamber, from the reception room.

The statement which I desire to make is quite brief. Three weeks ago on Sunday, I left Washington on business, after having on the preceding Friday obtained permission of the Senate to go. On the Saturday before I left Washington, I noticed a news account of a radio address which had been delivered the night before by the distinguished Senator from Arkansas [Mr. FULBRIGHT]. In that address, according to the newspaper account, the Senator from Arkansas rather severely criticized, if not condemned, what he termed our foreign policy or our confused foreign policy or our lack of foreign policy. I do not recall the exact terms of condemnation which the Senator from Arkansas heaped upon our State Department and perhaps upon the President of the United States and perhaps upon ourselves, who have a part in formulating the foreign policy of the United States.

On the Saturday before I left Washington, I commented upon that radio address by the Senator from Arkansas. I said, in substance, as I remember now—I think I correctly recall the substance of my remarks—that I deplored the fact that the able Senator from Arkansas had seen fit to make an address of that nature over the radio, rather than on the floor of the Senate of the United States.

Mr. President, it is not my purpose today to rehash ancient history, and that is ancient history now; but I wish to say that all my life I have had a fundamental principle, namely, never to give needless offense to anyone. From what I learned about what occurred on the floor of the Senate on Monday, following my depar-

ture from Washington, it occurred to me that the Senator from Arkansas had taken offense at my comment. I wish to assure him—and all Members of this body, so far as that is concerned—that it is never my purpose to offend any Senator personally or to criticize a Senator personally. I did not do so in the comment I made. I did deplore—I think I can now quote the language I used at that time—that a Senator of the United States would criticize and condemn his own Government's policy in a manner of as grave concern as is the foreign policy of this Nation, the relations of our Nation with the other nations of the world, in a place where his statement could not be challenged, could not be debated, and could not be questioned. That comment by me was not at all a personal criticism of the Senator from Arkansas. Probably the thought never had occurred to him. Many of us from time to time go out over the country and speak in behalf of principles and matters which we advocate, and in doing so we use the radio, which is natural and proper. But, Mr. President, I repeat that there is nothing more grave, there is nothing more serious, than our relations with the other nations of the world. When Senators of the United States speak on this subject, their voice should be carried all around the world. The subject is one which should not be commented upon lightly. I still insist that Senators might well bring their criticisms here to the floor of the Senate, where there exists the greatest forum in all the world for public speech and debate, and where Senators may discuss any subject. I am now speaking of general policies, and not with respect particularly to the Senator from Arkansas.

Mr. President, I have about concluded the statement which I wanted to make on this, the first day of my return to the Senate after an absence of some time. I assure the Senator from Arkansas that what I have said was intended in no way as a personal reflection upon him. He and I have seen eye to eye on almost all questions, and I hope that we shall continue to do so. I have great confidence in him, and I respect him for his ability and his patriotism.

Mr. FULBRIGHT. Mr. President, I appreciate very much the statement of the Senator from New Mexico to the effect that nothing was intended in a personal way in his criticism of my having made a speech over the radio. I invite the attention of the Senate to the fact that the Senator from New Mexico did not disagree with the sentiments which were expressed in my speech, but only with regard to the place at which the speech was delivered. I had expected, of course, that the Senator would challenge some of my opinions with reference to the confusion which currently exists in connection with our foreign relations. Since the speech was made I have not observed any substantial change in our foreign policy. After the Senator has had time to contemplate the present trend in our foreign policy I hope that he will enlighten me, as well as other Members of the Senate, by

showing me wherein my statements were erroneous.

MAJ. GEN. LEONARD F. WING

Mr. AUSTIN. Mr. President, I wish to record the sad fact that a great friend and a very distinguished citizen, one of our foremost generals of the war, passed away this morning at the untimely age of 52 years after having fought all through the Pacific campaign. He was Maj. Gen. Leonard F. Wing. His death is of public interest not only because of his service but also because of the unique character of the status which he held in the Army. He was the first National Guard officer to attain the rank of major general.

General Wing entered the war in February 1941 with the Forty-third Division, which was then a National Guard outfit. His unit was preserved by replacements throughout the war. It participated in the Battles of Guadalcanal, the North Solomons, New Guinea, and Luzon. He entered Japan with General MacArthur.

This great man performed a service for humanity and made the supreme sacrifice, although his death did not occur until he had reached his home at Rutland, Vt., where he has left a widow and three children. His death was a consequence of his service for humanity.

General Wing's merit was evidenced by four decorations, namely, the Distinguished Service Medal as Forty-third Division commander, Legion of Merit for service as assistant division commander, Silver Star for gallantry in action on July 11, 1943, and the Bronze Star Medal with one Oak Leaf Cluster.

Fortunately, I have before me an editorial from the Montpelier Evening Argus of, I believe, January 29, 1945, which affords some understanding of the kind of service in which General Wing's unit was engaged. The editorial is entitled "Vermonters battling at Luzon." Mr. President, I ask unanimous consent that the editorial be printed in the RECORD at this point as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

VERMONTERS BATTLING AT LUZON

Battle-tested Vermonters, hailing from Montpelier and from communities the length and breadth of the State and who have had their baptism by fire at Guadalcanal, New Britain, and New Guinea, are now serving as an element of the First Corps and carrying out the heaviest burden of the fighting at Luzon. It is something of irony and pride that the famed Vermont Forty-third Division, built upon the foundation of the peacetime National Guard, should be weaving an epic of glorious history through some of the fiercest of the Pacific campaigns against the Japs. Some of the members of the Forty-third have already returned to their Vermont homes, with honorable medical discharges and with the Pacific campaign still a living memory to them. Some of them have made the supreme sacrifice; they will never return. Those of their comrades remaining in the Forty-third are continuing their roles in the great Pacific story, determined to fight it out to the last chapter with the triumphant climax of the Japs defeated forever as a war power.

The Luzon saga marks the second amphibious campaign for the Forty-third, which captured the New Georgia group of the Solomon Islands in the summer of 1943. After this nerve-shattering 83-day jungle campaign, the division, necessarily reoutfitted,

returned to a much-needed rest area and was sent to New Zealand for some time to recoup its vigor. The Forty-third afterwards went to New Guinea, where it played a big part in helping hold the line against Japanese who had been trapped by MacArthur's leap-frog landing along the rugged coast. On this particular assignment relatively little fighting had to be done, but in the current Luzon battle the Forty-third have drawn what is believed to be the stiffest of Japanese opposition.

Gen. Leonard F. Wing, of Rutland, is the commander of this division, which is made up largely of troops from Vermont, Maine, and Connecticut, and it is generally assumed that he is in active command now. Recently the general was ill and was hospitalized for a time.

The campaign for control of the Philippines, in regard to which MacArthur's historic words "I will return" were said, will undoubtedly prove one of the decisive battles of the Pacific, and the Vermont troops have the confidence of the entire Green Mountain State that they will render as good an account of themselves in this battle as they have in preceding ones.

Mr. AUSTIN. Mr. President, all who know of the great service rendered and the sacrifice made for humanity by Gen. Leonard F. Wing, sympathize deeply with his family in their great bereavement.

ADMINISTRATION AND LIQUIDATION OF FEDERAL REHABILITATION PROJECTS

Mr. FULBRIGHT. Mr. President, for several days I have attempted to call a bill which is noncontroversial. I have consulted with the Senator from Indiana [Mr. WILLIS], the Senator from Nebraska [Mr. WHERRY], and the Senator from Maine [Mr. WHITE]. I do not think that there will be any controversy with regard to the bill. Inasmuch as it will be difficult to develop a quorum, I ask that the Senate now proceed to the consideration of Senate bill 704 to authorize the Secretary of Agriculture to continue administration of and ultimately liquidate Federal rural rehabilitation projects, and for other purposes.

Mr. TAFT. Mr. President, what is the business before the Senate at the present time?

The PRESIDING OFFICER. The question is on the committee amendment to House bill 4780.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. O'MAHONEY. Mr. President, it is obvious that there is not a quorum present in the Chamber. We have a calendar which is loaded down with bills. I know of several bills on the calendar which have been reported by the Committee on Public Lands and Surveys. If each Senator who is interested in a bill should now, at 4 o'clock in the afternoon, rise and follow the example of the Senator from Arkansas by asking unanimous consent to set aside the unfinished business and to proceed to the consideration of his particular measure, obviously we would get nowhere. The most important bill before the Senate now is the unfinished business of the Senate. I happen to know that the Senator from Ohio [Mr. TAFT] desires to speak with reference to it. Under the unanimous-consent rule, I am forced to object to the request of the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, a few minutes ago the Senator from Wy-

oming did not object to laying aside consideration of the pending bill in order to consider other bills. I agree with the Senator that the procedure in the Senate has been very difficult. I may add, for the benefit of the Senator from New Mexico [Mr. HATCH] that the presence of so few Senators in the Chamber during the past few weeks while he was absent, is the best example I can cite of the inadvisability of making speeches on the floor of the Senate.

I wonder if the Senator can recall any time during the past 10 months when a sustained debate of any significance was held with the exception of the one which was held in connection with the United Nations Charter when for a few days there was a sort of desultory discussion. With that exception, I do not recall any sustained debate in the Senate with regard to foreign relations, and I do not recall that the Senator from New Mexico, with the exception of a few statements which he made, addressed the Senate at any length. I do not recall any sustained debate having taken place in which there was a real analysis of any of the major fundamental issues then pending before this country.

Mr. HATCH. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. HATCH. I wish to say to the Senator from Arkansas that what he has just said is most unfortunately true.

Mr. FULBRIGHT. In other words, it is the last place where it is possible to get a development of such ideas. That is one reason why there is no inclination to make a speech on the floor of the Senate.

Mr. HATCH. The Senator will agree that instead of being the last place, the Senate of the United States should be the first place.

Mr. FULBRIGHT. It should be, I agree, but it is the same way with the little bill to which the Senator from Wyoming objects. For 3 or 4 days I have been told, "Yes; tomorrow the calendar will be called." This is a little bill to which there is no objection, so far as I know, from any Member on either side of the Senate, and I have consulted several on the other side. The subject matter with which it deals is rapidly being dissipated. I think about 60,000 acres are being disposed of. The purpose of the bill is to enable returning soldiers, about whom we talk so much, to purchase farms.

Since I introduced the bill last spring I suppose at least half the land which it was intended to cover has already been disposed of, and if we continue a few more months, there will be absolutely nothing worth while left. It will be in a position similar to that of the surplus property from the war. I have yet to find one soldier who has found a jeep, or truck, or anything else. Yet the procedure in the Senate continues to go the way which in effect blocks most of the bills which are submitted for consideration.

Mr. WILLIS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. WILLIS. When order of business 790, Senate bill 704, came up in regular

order at the last call of the calendar I interposed an objection, because I did not know how the members of the Committee on Agriculture and Forestry felt about the bill. I have consulted the minority members of the committee. They have heard the bill discussed in committee, and are agreeable to its passage. I therefore join with the Senator from Arkansas in asking that the unfinished business be temporarily laid aside in order that this bill may be considered and passed. I am sure it will not take more than 5 minutes to dispose of it.

Mr. TAFT. Mr. President, I certainly should object to setting aside the unfinished business. I think the worst procedure I have ever seen in the Senate has been that of the last 3 weeks, during which a number of times we have laid aside one bill before we finished with it, and proceeded to another.

Mr. FULBRIGHT. I agree with the Senator.

Mr. TAFT. I certainly will object. Incidentally, Mr. President, I understand the calendar will be called tomorrow, and there is no hurry about this particular bill.

Mr. FULBRIGHT. I have understood all week that the calendar was to be called the next day.

Mr. TAFT. The pending bill amending the Second War Powers Act is the only bill which must be passed at this time. So far as I can see, its consideration can be finished in 10 minutes, and I see no reason why we should not proceed with the regular order.

SELECTIVE SERVICE ORDER DISCONTINUING THE DRAFTING OF FATHERS

Mr. REVERCOMB. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. For what purpose?

Mr. REVERCOMB. I wish to make an announcement to the Senate.

Mr. TAFT. Certainly.

Mr. REVERCOMB. Mr. President, I have just been advised that the Selective Service System has issued an order stopping the drafting of all fathers. The order was issued this afternoon. I wish to say that it is very gratifying to me to know that this step has been taken. It should have been taken a long time ago, but now that it has been done, that much of the purpose of the joint resolution I introduced has been accomplished. I hope that they will go further immediately and look after the fathers who are now in the service.

AMENDMENT OF SECOND WAR POWERS ACT OF 1942

The Senate resumed the consideration of the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

Mr. TAFT. Mr. President, the only controversial matter in connection with the renewal of the Second War Powers Act relates to the committee amendment, which is now before the Senate.

The House considered this whole matter much more thoroughly than did the Senate. The committee held hearings, but only the House hearings have been printed. I suppose there were some hearings in the Senate committee; I do not

know. They have not been printed, in any event.

After long and serious consideration the House decided that the extension should be made for 6 months, and not for a year. The House bill, as it came to the Senate, provided for an extension for 6 months. The Senate committee, under the leadership of the distinguished Senator from Wyoming, proposes to extend the War Powers Act for another 6 months. I think there are many reasons why there should be no such further extension.

The most important provision of the bill is that dealing with priorities, giving the President unprecedented power over the industries of the United States. The priorities powers, together with the price-control powers, practically give the Government the power to dictate the daily action of every industry in the United States.

Mr. O'MAHONEY. Will the Senator yield?

Mr. TAFT. I yield.

Mr. O'MAHONEY. I understood the Senator to say a moment ago that the hearings before the Senate committee had not been printed. They have been printed.

Mr. TAFT. They have been printed?

Mr. O'MAHONEY. Yes.

Mr. TAFT. They were less extensive than the House hearings, and they did not represent the careful consideration which the House has given to the matter.

The priority powers cover every kind of material and every kind of transportation, and affect the daily life of every individual and the daily transactions of every business. I think all of us are agreed that these powers should be abandoned just as fast as they can be abandoned. I do not think the Congress would properly perform its obligation by extending for a full year the powers of the President, without any limitation, leaving him with all the powers he has had during the entire war, not attempting to limit him to materials such as rubber, tin, and a few other things which we know are scarce, but giving him indefinite power to regulate all industry throughout the United States.

I cannot see any possible harm from reconsidering this matter next May. Today things are in a state of rapid flux, they change overnight, they change in the course of a month. Where we had a surplus, we find a deficiency, and where we had a deficiency, we find a surplus. I cannot see any harm in reviewing the necessity for these extensive powers next May.

Mr. President, that is particularly true when we realize that we must consider then the power of price control. It seems to me the two powers tie in together. It seems to me should decide at that time what commodities are scarce, what powers should be continued, and what powers should not be continued.

There is one other reason why I think December 31 next year is a poor date for this power to expire. In some respects it may be necessary to continue the powers even beyond that time. We are to have a recess next summer, we hope, over the 1946 election. It would be most

unfortunate if we had to be called back after the election merely because this particular act was about to expire, and the President found some necessity for continuing it beyond the expiration date fixed.

I believe we should very definitely determine before the first of next July what we are going to do at that time for the next year. I think it is going to be necessary to continue then some of the price controls and some of the priority controls, but I think the powers should be confined at that time to a limited number of articles which are scarce, and that otherwise industry should be entirely relieved from the controls.

The statement of the distinguished Senator from Wyoming is that the Administration says, "Well we are abandoning these controls, and we are going to continue to abandon them." I think they did abandon them rather rapidly, particularly those relating to the manufacture of war materials, but from now on I believe we will find they are going to be steadily restored. People will want a priority on particular services, as the veterans now want a priority on housing materials. I think they should have such a priority. But we are going to have new peacetime demands to which it will be perfectly possible to apply these war powers. Before we get through we shall have a demand for the permanent continuation of many of the powers.

Mr. President, I believe very strongly we will accomplish every purpose sought if we follow the House, if we extend the act for 6 months only, and if at the end of that time we consider selective continuation of priority controls and price controls.

I therefore hope the committee amendment will be rejected, and that the House provision will be restored.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

Mr. TAFT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Kilgore	Shipstead
Bilbo	Knowland	Smith
Brooks	La Follette	Stanfill
Byrd	Langer	Stewart
Capper	McCarran	Taft
Carville	McClellan	Taylor
Chavez	McKellar	Tobey
Ellender	McMahon	Tunnell
Fulbright	Maybank	Tydings
Gossett	Mead	Vandenberg
Green	Millikin	Wagner
Gurney	Mitchell	Walsh
Hart	Moore	Wheeler
Hatch	Murdoch	Wherry
Hayden	O'Daniel	White
Hickenlooper	O'Mahoney	Wiley
Hill	Pepper	Willis
Hoey	Radcliffe	Wilson
Huffman	Revercomb	Young
Johnson, Colo.	Russell	
Johnston, S. C.	Saltonstall	

The PRESIDING OFFICER. Sixty-one Senators having answered to their names, a quorum is present.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. A vote "yea" is a vote in favor of the committee amendment ex-

tending the time 12 months. A vote "nay" is a vote in favor of the 6 months' extension provided in the House bill. Is that correct?

The PRESIDING OFFICER. The Chair will state that a vote "nay" is a vote against an extension of 1 year. A vote "yea" is a vote for extension of 1 year.

Mr. TAFT. A vote "nay" is a vote against the extension for 1 year.

The PRESIDING OFFICER. The Senator is correct.

FIRST DEFICIENCY APPROPRIATION ACT, 1946—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I submit a conference report on the First Deficiency Appropriation Act, 1946, for which I ask immediate consideration.

Mr. O'MAHONEY. Mr. President, may I ask the Senator if this is the conference report on the appropriation bill?

Mr. McKELLAR. It is.

Mr. O'MAHONEY. May I ask the Senator whether the amendment which the committee recommended with respect to the protection of the rights of the Indians was agreed to in the report?

Mr. McKELLAR. It was agreed to by the House, and it had been agreed to by the Senate conferees. We must first adopt the conference report. The committee has instructed me to move two amendments, one of which is to strike out "one thousand eight hundred and thirty" where it occurs twice. The motions will be made after the conference report is agreed to.

Mr. O'MAHONEY. I understand the Senator to say that the Senate committee amendment protecting the rights of the three Affiliated Tribes remains in the bill.

Mr. McKELLAR. The Senator is correct. It remains in the bill.

Mr. TAFT rose.

Mr. McKELLAR. Mr. President, does the Senator from Ohio desire to ask a question?

Mr. TAFT. I had hoped that this would not be a controversial matter.

Mr. McKELLAR. I do not think it will be.

Mr. President, I submit the conference report.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4805) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 15, 38, 39, 39½, 40, 51, 53, 55, 67, 68, 69, 75, 89, and 101.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 19, 20, 21, 23, 30, 33, 34, 43, 44, 49, 52, 57, 58, 60, 61, 62, 63, 66, 70, 79, 82, 83, 84, 85, 86, 87, 91, 92, 93, 94, 95, 98, 99, 100, 102, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, and 127 and agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree

to the same with an amendment as follows: In line 13 of the matter inserted by said amendment, after the sum "\$750,000,000", strike out the proviso down to the period in line 17; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$730,300"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the sum proposed in line 4 of said amendment insert "\$600,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Provided, That none of the funds available under this head for administrative expenses shall be used in paying the salary of any person engaged in making or processing loans in excess of \$500,000 to any State, any subdivision thereof, any municipality therein, or any public authority, for construction purposes, unless in pursuance of a specific authorization, except, however, that this provision shall not apply to any application or loan approved or made prior to December 15, 1945"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$250,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,469,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$212,500"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows:

In line 5 of said amendment strike out the sum "\$50,000" and insert in lieu thereof "\$25,000."

In line 7 of said amendment strike out the sum "\$101,000" and insert in lieu thereof "\$93,000."

In line 9 of said amendment strike out the sum "\$12,500" and insert in lieu thereof "\$11,250."

And the Senate agree to the same.

Amendment numbered 31: That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment insert the following: "Provided, That such additional amount of \$90,000 shall not become available for obligation until a contract shall have been concluded with the lessor allowing Federal occupancy for a period of not less than eighteen months with the rights to extend the period of occupancy an additional period of eighteen months or less, the rental charge for any period of occupancy not to exceed the rate heretofore agreed upon; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows:

In line 12 of the matter inserted by said amendment strike out "\$601,540" and insert in lieu thereof "\$320,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,766,625"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$132,500"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$1,216,210"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$266,000"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$2,748,000"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment as follows: In line 4 of the matter inserted by said amendment strike out the sum "\$164,000" and insert in lieu thereof "\$82,000"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment as follows: At the end of the matter inserted by said amendment insert the following: "and the immediately succeeding additional appropriation for the construction of hospitals and domiciliary facilities, shall be merged with the existing appropriation for the construction of such facilities and remain available until expended"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$187,500"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$300,000"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$2,435,000"; and the Senate agree to the same.

Amendment numbered 71: That the House recede from its disagreement to the amendment of the Senate numbered 71, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$500,000"; and the Senate agree to the same.

Amendment numbered 72: That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amend-

Williston group, if their few thousand acres are endangered.

Maybe Williston supporters elected LEMKE and ROBERTSON. It may also be that they can return these men to Congress. We hope they don't come around here asking us to vote for them. They sort of kicked the voters of this part of the State in the face when they did not oppose the amendment, and one of them took the floor covering the reduction in the height of the dam.

The diversion portion of the development program for the Missouri River has been one of our pets for a long time. Now when its realization is closer than ever before, it hurts to have it handled like this by the men who are supposed to be working for the best interests of the entire State.

This messing around with the affairs of the entire valley system, and the damage that one small faction can do, is just another good argument for control by a Missouri Valley Authority.

[From the Bismarck Tribune of December 6, 1945]

AMENDED HEIGHT OF GARRISON DAM ATTACKED ON THREE FRONTS IN WASHINGTON

Reasons why North Dakota's State Water Commission wants a "high" dam in the Missouri River near Garrison will be presented to a Senate Appropriations Committee by Kenneth W. Simons, commission vice chairman and editor of the Tribune.

Simons flew to Washington Wednesday night to testify before the Senate committee, holding hearings on the House-passed deficiency appropriation bill which includes \$2,000,000 for initiating construction of the \$130,000,000 Garrison Dam.

Gov. Fred G. Aandahl, chairman of the water commission, said Simons would officially represent the commission at the hearings and would present the commission's viewpoint in seeking elimination of a House amendment which would limit the height of the dam itself to 1,830 feet above sea level.

The State water commission went on record this week as opposing the 1,830-foot height limitation and urging that the Senate strike it out.

The commission wants the dam built to permit an operating pool level of 1,850 feet above sea level and the United States Army engineers want to build the dam to permit such an operating level. A group of residents of Williston, which would be at the upper end of the reservoir, want the lower level. They contend that the 1,850 level would constitute a danger to Williston and nearby irrigation projects. The Army agreed earlier this year to construct dikes to protect Williston and the irrigation projects.

In a formal resolution adopted by the commission, the commission said limiting the dam height to 1,830 feet would mean that the normal pool level would have to be "materially below this level to reserve room for floodwaters."

"Such low level," the resolution said, "would greatly reduce the capacity for hydroelectric power development and flood control, and materially reduce the feasibility of irrigation and diversion from the Garrison Reservoir."

IN BISMARCK

A protest meeting over the amended height of the Garrison Dam was held Wednesday night in the World War Memorial Building under the auspices of the Bismarck Association of Commerce.

More than 50 Bismarck businessmen attended the session and went on record as being opposed to the House amended height of the dam. The height, as agreed upon by the interagency committee was 1,850. The House, in its deficiency appropriation bill, limited the height of the dam to 1,830.

J. J. Walsh, secretary of the State Water Commission, told the merchants of the advantages of the 1,850-foot level, pointing out that the power potentialities of the dam were reduced by one-third by lowering the height of the dam 20 feet. He also claimed that the amount of land which could be brought under irrigation would likewise be reduced.

Gov. Fred G. Aandahl told what had already been done on the dam and urged all those who attended the meeting to contact their Congressmen to impress upon them the need of maintaining the height of the dam at 1,850 feet.

Dr. Sinclair Harper, consulting engineer, Berkeley, Calif., Thursday was completing review of the United States Army Engineers' preconstruction planning for the Garrison Dam.

Dr. Harper and a group of United States Army engineers, representatives from the engineers' district office at Omaha, Nebr., arrived here Wednesday and were to go to Pierre, S. Dak., late Thursday to review foundation explorations for the proposed Oahe Dam. Lt. Col. John W. Sibert, Jr., area engineer in Bismarck, is conducting the party on its tour.

Dr. Harper, former chief engineer of the Bureau of Reclamation, is a regular member of the board of consulting engineers which has been reviewing studies made for the Garrison Dam. That board met here last September 10 and 11, but Dr. Harper was in Afghanistan as a consultant engineer for that country's government and was unable to be present at the Bismarck meeting.

Dr. Harper's activities on the various waterways of this Nation are subject of a recent magazine article, *River Doctor*, by Lewis Nordyke.

Representatives of the Omaha office who were with Dr. Harper include Maj. Wendell E. Johnson and F. H. Kellog, M. E. Stalker, H. O. Egeberg, P. T. Bennett and E. R. Kendall.

IN FARGO

Early diversion of water from the Missouri River to eastern North Dakota may be seriously interfered with or even precluded if the 1,830-foot pool level limitation for the Garrison dam be established. Lt. Col. Delbert B. Freeman, Omaha, Nebr., district Army engineer, said here Wednesday night.

Colonel Freeman declared that any loss of storage capacity in the Missouri River would provide that much less water for diversion for irrigation purposes or replenishing of underground and surface water supplies to eastern North Dakota. He also said downstream interests who are interested in adequate storage for flood control and navigation, are concerned about the possibility of the Garrison Dam storage being materially reduced.

(The Missouri Basin inter-agency committee, consisting of representatives from 10 States and 4 Federal agencies, last August unanimously approved a design for a dam to an elevation of 1,874 feet which would permit the reservoir to be operated at a level of 1,850 feet.)

Colonel Freeman said "if the reference to a pool elevation of 1,830 feet refers to the maximum normal operating pool elevation, it means a loss of 7,000,000 acre feet of the cheapest storage in the basin. If the reference means maximum operating pool elevation, it means even greater loss of storage.

Mr. YOUNG. I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter from R. A. Wheeler, lieutenant general, Chief of Engineers.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, D. C., December 6, 1945.
Hon. KENNETH MCKELLAR,
Chairman, Committee on Appropriations,
United States Senate.

DEAR SENATOR MCKELLAR: At the conclusion of the hearing before your committee yesterday with regard to the War Department items in the First Deficiency Appropriation Act, 1946, you requested that I advise the committee of my views with respect to the amendment offered by Representative LEMKE as a substitute for the proviso now contained in the act limiting the height of the Garrison Dam and Reservoir. As I am scheduled to be out of Washington next week on official business, you excused me from further appearance before the committee. I am, therefore, presenting my views in this letter, which General Crawford will deliver to the committee. He will also be available for any further questioning you may desire.

If the committee and the Congress desire to include in the act language restricting the development of the Garrison project, the substitute language suggested by Representative LEMKE is less objectionable, in our opinion, than the language contained in the act as passed by the House of Representatives, since the substitute language would permit the initiation of construction of the dam in accordance with the authorized project. However, for several reasons which I shall discuss below, I believe it inadvisable for the best over-all development of the water resources of the Missouri River Basin that any restriction be placed by law on the Garrison project at this time. I therefore recommend that neither the proviso now in the act nor the proposed substitute be enacted.

The determination of the pool elevations in the Garrison project is a highly involved technical matter, and if the Congress desires to fix the maximum pool elevation I believe that the legislation should be considered initially by the particular committees established to deal with this type of legislation where all of the technical interests concerned can make full presentation of their views.

The coordinated plan for the Missouri River Basin as developed by the Bureau of Reclamation and the Corps of Engineers and authorized by the Congress in the 1944 Flood Control Act definitely contemplated that the final storage capacities of the main stem reservoirs and precise elevations and heights of reservoirs and dams will be agreed upon after further studies have been made and after consideration of the desires and objections of persons affected by the proposed developments. Several months ago the States in the Missouri River Basin, the Department of the Interior, Federal Power Commission, Department of Agriculture, and the Corps of Engineers formed the Missouri Basin Interagency Committee as the means for settling on a cooperative basis all problems which may arise in working out the details of the Missouri Basin projects. This committee considered the height of the Garrison project at its regular meeting on August 15, 1945, and the proposal for a maximum normal operating pool at elevation 1,850 was discussed. It was agreed unanimously by the interagency committee that the Garrison Dam should be constructed to a height which would permit operation at a maximum normal pool up to elevation 1,850, but the decision as to the maximum normal pool at which the project should be operated was not made. As this Department is one participating in the Missouri Basin Interagency Committee and has agreed to the committee action as outlined above, I cannot properly acquiesce in the establishment of a limiting height for the Garrison pool in view of this joint agreement that has already been reached.

This Department now believes that it will be feasible to protect Williston and the existing irrigation projects in that vicinity by a system of dikes and drainage wells. However, here will be a period of 8 or 10 or more years from the time the dam construction is initiated until pool levels approach the higher elevations now under discussion, during which time the studies and investigations of optimum pool levels will be continued, thus providing more information, both from theoretical studies and from actual operating experience.

In our studies of the elevations of the Garrison Reservoir, we consider that project as one of the most important elements in the authorized plan for developing the water resources of the entire Missouri River Basin. That plan is region-wide and each project must be considered in its relationship to the regional plan. In this connection I wish to quote a paragraph from President Truman's letter of November 10, 1945, to Mr. Ora Bundy, president of the National Reclamation Association, which reads as follows: "At this time I would like to make one further suggestion. The key to success of any regional resource development will be found in how active cooperation is organized between the people of the region, their civic and commercial organizations, and local and Federal Governments. TVA has remonstrated successfully one way in which this can be done. Another experiment in which four Federal agencies are participating—the War Department, Department of the Interior, Department of Agriculture, and the Federal Power Commission—is now making another demonstration. The manner in which these agencies work together, and at the same time work with local political units and private organizations, will be watched closely."

It is my strong conviction that the Missouri Basin Interagency Committee can resolve all of the questions which have arisen with respect to the Garrison project and which will certainly come up as other elements of the Missouri Basin plan are undertaken and placed in operation. To accomplish this the interagency committee must have free rein to develop its procedures and come to agreements. It would, therefore, appear to be unwise to circumscribe the scope of that committee's functions through legislative action prescribing the elevation of the Garrison Reservoir.

Sincerely yours,

R. A. WHEELER,
Lieutenant General, Chief of Engineers.

Mr. YOUNG. Mr. President, I plead with the Senate to insist on its position, thereby giving protection to the State of North Dakota in its electrical and power development and irrigation projects.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. I yield.

Mr. LANGER. Is there any controversy between the House and the Senate as to this matter?

Mr. McKELLAR. Yes; the controversy still remains as to whether the dam shall be 1,830 feet or 1,850 feet high.

Mr. LANGER. Then let me say to the Senator that the water commission which has been referred to was created while I was Governor of North Dakota. The dam was very important to us then, and it is most important now. I hope the distinguished Senator from Tennessee will do all in his power to see to it that the differences between the House and the Senate are amicably adjusted, even if it is necessary for the Senate conferees to recede from the position of the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee.

The motion was agreed to.

AMENDMENT OF SECOND WAR POWERS ACT OF 1942

The Senate resumed the consideration of the bill (H. R. 4780) to amend the Second War Powers Act, 1942, as amended.

Mr. WHITE. Mr. President, am I correct in understanding that the amendment now pending is that in line 20, on page 2 of the bill?

The PRESIDING OFFICER. The Senator is correct.

Mr. WHITE. On that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. O'MAHONEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Kilgore	Shipstead
Bilbo	Knowland	Smith
Brooks	La Follette	Stanfill
Byrd	Langer	Stewart
Capper	McCarran	Taft
Carville	McClellan	Taylor
Chavez	McKellar	Tobey
Ellender	McMahon	Tunnell
Fulbright	Maybank	Tydings
Gossett	Mead	Vandenberg
Green	Millikin	Wagner
Gurney	Mitchell	Walsh
Hart	Moore	Wheeler
Hatch	Murdock	Wherry
Hayden	O'Daniel	White
Hickenlooper	O'Mahoney	Wiley
Hill	Pepper	Willis
Hoey	Radcliffe	Wilson
Huffman	Revercomb	Young
Johnson, Colo.	Russell	
Johnston, S. C.	Saltonstall	

The PRESIDING OFFICER. Sixty-one Senators have answered to their names. A quorum is present.

Mr. O'MAHONEY. Mr. President, I merely desire to say that on the vote about to be taken, a vote "yea" will be a vote to sustain the committee amendment.

Mr. WHITE. Mr. President, I wish to state my understanding of the situation. As I understand, a vote "yea" will be to extend these war powers until December 31, 1946, and a vote "nay" will be to limit them to June 30, 1946.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 2, in line 20. On this question the yeas and nays have been demanded and ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WAGNER (when his name was called). I have a general pair with the Senator from Kansas [Mr. REED]. I transfer that pair to the Senator from Kentucky [Mr. BARKLEY], who, if present and voting, would vote as I intend to vote. I am, therefore, free to vote. I vote "yea."

The roll call was concluded.

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from Arizona [Mr. MCFARLAND] are absent because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from North Caro-

lina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Georgia [Mr. GEORGE], the Senator from Rhode Island [Mr. GERRY], and the Senator from Louisiana [Mr. OVERTON] are necessarily absent.

The Senator from Missouri [Mr. BRIGGS], the Senators from Pennsylvania [Mr. GUFFEY and Mr. MYERS], the Senator from Washington [Mr. MAGNUSON], and the Senator from Montana [Mr. MURRAY] are detained on public business.

The Senator from Kentucky [Mr. BARKLEY] and the Senator from Illinois [Mr. LUCAS] are detained at a meeting of the Joint Committee on the Investigation of the Pearl Harbor Attack.

The Senator from Oklahoma [Mr. THOMAS] is absent on official business.

The Senator from California [Mr. DOWNEY] and the Senator from Utah [Mr. THOMAS] are detained on official business at Government departments.

I wish to announce further that the Senator from Utah [Mr. THOMAS] has a general pair with the Senator from New Hampshire [Mr. BRIDGES].

I announce also that the Senator from Alabama [Mr. BANKHEAD] has a general pair with the Senator from Nebraska [Mr. BUTLER].

If present and voting, the Senator from Missouri [Mr. BRIGGS], the Senator from California [Mr. DOWNEY], the Senators from Pennsylvania [Mr. GUFFEY and Mr. MYERS], the Senator from Illinois [Mr. LUCAS], the Senator from Washington [Mr. MAGNUSON], the Senator from Arizona [Mr. MCFARLAND], the Senator from Montana [Mr. MURRAY], and the Senator from Utah [Mr. THOMAS] would vote "yea."

Mr. WHERRY. The Senator from Nebraska [Mr. BUTLER], who would vote "nay," has a general pair with the Senator from Alabama [Mr. BANKHEAD].

The Senator from New Hampshire [Mr. BRIDGES] has a general pair with the Senator from Utah [Mr. THOMAS].

The Senator from Kansas [Mr. REED] has a general pair with the Senator from New York [Mr. WAGNER].

The Senator from Indiana [Mr. CAPEHART] is detained on official business.

The Senator from Minnesota [Mr. BALL], the Senator from Delaware [Mr. BUCK], the Senator from New Jersey [Mr. HAWKES], and the Senator from Wyoming [Mr. ROBERTSON] are necessarily absent.

The Senator from Missouri [Mr. DONNELL] has been excused.

The Senators from Oregon [Mr. CORDON and Mr. MORSE] are absent on official business.

The Senator from Vermont [Mr. AIKEN] has been excused. He is necessarily absent.

The result was announced—yeas 30, nays 31, as follows:

YEAS—30

Carville	Johnson, Colo.	O'Mahoney
Chavez	Johnston, S. C.	Pepper
Ellender	Kilgore	Radcliffe
Fulbright	McCarran	Russell
Gossett	McClellan	Stewart
Green	McKellar	Taylor
Hatch	McMahon	Tunnell
Hayden	Maybank	Wagner
Hill	Mead	Walsh
Huffman	Mitchell	Wheeler
	Murdock	

NAYS—31

Austin	Langer	Tobey
Bilbo	McClellan	Tydings
Brooks	Millikin	Vandenberg
Byrd	Moore	Wherry
Capper	O'Daniel	White
Gurney	Revercomb	Wilcy
Hart	Saltonstall	Willis
Hickenlooper	Shipstead	Wilson
Hoey	Smith	Young
Knowland	Stanfill	
La Follette	Taft	

NOT VOTING—35

Aiken	Capehart	Lucas
Andrews	Connally	McFarland
Bailey	Cordon	Magnuson
Ball	Donnell	Morse
Bankhead	Downey	Murray
Barkley	Eastland	Myers
Browster	Ferguson	Overton
Bridges	George	Reed
Briggs	Gerry	Robertson
Buck	Glass	Thomas, Okla.
Bushfield	Guffey	Thomas, Utah
Butler	Hawkes	

So the committee amendment was rejected.

Mr. WHERRY. Mr. President, I move that the vote by which the committee amendment was rejected be reconsidered.

Mr. TAFT. I move that the motion be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no amendment to be offered, the question is on the engrossment of the amendment and the third reading of the bill.

Mr. HILL. Mr. President, on this question I ask for the yeas and nays.

Mr. LA FOLLETTE. I make the point of order that the announcement has been made by the Chair, and the request comes too late.

The PRESIDING OFFICER. The third reading of the bill is in order.

The question is on the third reading of the bill.

The bill was ordered to a third reading and was read the third time.

The PRESIDING OFFICER. The question is on the final passage of the bill.

Mr. McMAHON and Mr. O'DANIEL asked for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill (H. R. 4780) was passed.

AMENDMENTS TO GI BILL OF RIGHTS— CONFERENCE REPORT

Mr. JOHNSON of Colorado submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3749) to amend the Servicemen's Readjustment Act of 1944 to provide for a readjustment allowance for all veterans of World War II, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That the second sentence of section 100 of

the Servicemen's Readjustment Act of 1944, as amended, is amended to read as follows: 'The Administrator is authorized, for the purpose of extending benefits to veterans and dependents, and to the extent he deems necessary, to procure the necessary space for administrative, clinical, medical, and outpatient treatment purposes by lease, purchase, or construction of buildings; or by condemnation or declaration of taking, pursuant to existing statutes.'

"Sec. 2. Section 104 of the Servicemen's Readjustment Act of 1944, as amended, is amended by striking out the second paragraph thereof and inserting in lieu thereof the following:

"Any veteran entitled to a prosthetic appliance shall be furnished such fitting and training, including institutional training, in the use of such appliance as may be necessary, whether in a Veterans' Administration facility, other training institution, or by outpatient treatment, including such service under contract and including necessary travel expenses to and from their homes to such hospital or training institution.

"The Administrator may procure any and all items mentioned herein, including necessary services required in the fitting, supplying, and training in use of such items by purchase, manufacture, contract, or in such other manner as the Administrator may determine to be proper without regard to any other provision of law."

"Sec. 3. Section 200 of the Servicemen's Readjustment Act of 1944, as amended, is amended by adding at the end thereof the following new subsection:

"(c) The Administrator is further authorized at his discretion and under such regulations as he may prescribe to furnish, if available, necessary space and suitable office facilities for the use of paid full-time representatives of such organizations."

"Sec. 4. Section 302 (a) of the Servicemen's Readjustment Act of 1944, as amended, is amended to read as follows:

"Sec. 302. (a) The Secretary of War, the Secretary of the Navy, and the Secretary of the Treasury are authorized and directed to establish, from time to time, boards of review composed of five commissioned officers, two of whom shall be selected from the Medical Corps of the Army or Navy, or from the Public Health Service, as the case may be. It shall be the duty of any such board to review, at the request of any officer retired or released from active service, without pay, for physical disability pursuant to the decision of a retiring board, board of medical survey, or disposition board, the findings and decisions of such board. Such review shall be based upon all available service records relating to the officer requesting such review, and such other evidence as may be presented by such officer. Witnesses shall be permitted to present testimony either in person or by affidavit, and the officer requesting review shall be allowed to appear before such board of review in person or by counsel. In carrying out its duties under this section such board of review shall have the same powers as exercised by, or vested in, the board whose findings and decision are being reviewed. The proceedings and decision of each such board of review affirming or reversing the decision of any such retiring board, board of medical survey, or disposition board shall be transmitted to the Secretary of War, the Secretary of the Navy, or the Secretary of the Treasury, as the case may be, and shall be laid by him before the President for his approval or disapproval and orders in the case."

"Sec. 5. (a) Paragraph 1 of part VII of Veterans Regulation Numbered 1 (a), as amended, is amended to read as follows:

"1. Any person who served in the active military or naval service on or after September 16, 1940, and prior to the termination of the present war, and who shall have been discharged or released therefrom under con-

ditions other than dishonorable, and who either shall have served ninety days or more, exclusive of any period he was assigned for a course of education or training under the Army specialized training program or the Navy college training program, which course was a continuation of his civilian course and was pursued to completion, or as a cadet or midshipman at one of the service academies, or shall have been discharged or released from active service by reason of an actual service-incurred injury or disability, shall be eligible for and entitled to receive education or training under this part: *Provided*, That such course shall be initiated not later than four years after either the date of his discharge or the termination of the present war, whichever is the later: *Provided further*, That no such education or training shall be afforded beyond nine years after the termination of the present war."

"(b) Paragraph 2 of part VIII of such Regulation is amended to read as follows:

"2. Any such eligible person shall be entitled to education or training at an approved educational or training institution for a period of one year plus the time such person was in the active service on or after September 16, 1940, and before the termination of the war, exclusive of any period he was assigned for a course of education or training under the Army specialized training program or the Navy college training program, which course was a continuation of his civilian course and was pursued to completion, or as a cadet or midshipman at one of the service academies, but in no event shall the total period of education or training exceed four years: *Provided*, That his work continues to be satisfactory throughout the period, according to the regularly prescribed standards and practices of the institution: *Provided further*, That wherever the period of eligibility ends during a quarter or semester and after a major part of such quarter or semester has expired, such period shall be extended to the termination of such unexpired quarter or semester."

"(c) Paragraph 3 of part VIII of such Regulation is amended to read as follows:

"3. (a) Such person shall be eligible for and entitled to such course of education or training, full time or the equivalent thereof in part-time training, as he may elect, and at any approved educational or training institution at which he chooses to enroll, whether or not located in the State in which he resides, which will accept or retain him as a student or trainee in any field or branch of knowledge which such institution finds him qualified to undertake or pursue: *Provided*, That for reasons satisfactory to the Administrator, he may change a course of instruction: *And provided further*, That any such course of education or training may be discontinued at any time, if it is found by the Administrator that, according to the regularly prescribed standards and practices of the institution, the conduct or progress of such person is unsatisfactory."

"(b) Any such eligible person may apply for a short, intensive post-graduate, or training course of less than 30 weeks: *Provided*, That the Administrator shall have the authority to contract with approved institutions for such courses if he finds that the agreed cost of such courses is reasonable and fair: *Provided further*, That (1) the limitation of paragraph 5 shall not prevent the payment of such agreed rates, but there shall be charged against the veteran's period of eligibility the proportion of an ordinary school year which the cost of the course bears to \$500, and (2) not in excess of \$500 shall be paid for any such course."

"(c) Any such eligible person may apply for a course of instruction by correspondence without any subsistence allowance: *Provided*, That the Administrator shall have authority to contract with approved institutions for such courses if he finds that the agreed cost of such courses is reasonable and fair."

Provided further, (1) That the provisions of paragraph 5 shall not apply to correspondence courses; (2) that one-fourth of the elapsed time in following such course shall be charged against the veteran's period of eligibility; and (3) that the total amount payable for a correspondence course or courses for any veteran shall not exceed \$500: *And provided further*, That nothing herein shall be construed to preclude the use of approved correspondence courses as a part of institutional or job training, subject to regulations prescribed by the Administrator.

"(d) Paragraph 5 of part VIII of such Regulation is amended to read as follows:

"(5) The Administrator shall pay to the educational or training institution, for each person enrolled in full time or part time course of education or training, the customary cost of tuition, and such laboratory, library, health, infirmary, and other similar fees as are customarily charged, and may pay for books, supplies, equipment, and other necessary expenses, exclusive of board, lodging, other living expenses, and travel, as are generally required for the successful pursuit and completion of the course by other students in the institution: *Provided*, That in no event shall such payments, with respect to any person, exceed \$500 for an ordinary school year unless the veteran elects to have such customary charges paid in excess of such limitation, in which event there shall be charged against his period of eligibility the proportion of an ordinary school year which such excess bears to \$500: *Provided further*, That no payments shall be made to institutions, business or other establishments furnishing apprentice training on the job: *And provided further*, That any institution may apply to the Administrator for an adjustment of tuition and the Administrator, if he finds that the customary tuition charges are insufficient to permit the institution to furnish education or training to eligible veterans, or inadequate compensation therefor, may provide for the payment of such fair and reasonable compensation as will not exceed the estimated cost of teaching personnel and supplies for instruction; and may in like manner readjust such payments from time to time."

"(e) Effective on the first day of the first calendar month subsequent to the date of enactment of this Act, the first sentence of paragraph 6 of part VIII of such Regulation is amended to read as follows:

"While enrolled in and pursuing a course under this part, such person, upon application to the Administrator, shall be paid a subsistence allowance of \$65 per month, if without a dependent or dependents, or \$90 per month, if he has a dependent or dependents, including regular holidays and leave not exceeding thirty days in a calendar year."

"(f) Paragraph 7 of part VIII of such Regulation is amended to read as follows:

"7. Any such person eligible for the benefits of this part, who is also eligible for the benefit of part VII, may elect either benefit or may be provided an approved combination of such courses: *Provided*, That the total period of any such combined courses shall not exceed the maximum period or limitations under the part affording the greater period of eligibility."

"SEC. 6. Section 4 of Public Law Numbered 16, Seventy-eighth Congress, as added by section 402 of the Servicemen's Readjustment Act of 1944, is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That returned books, supplies, or equipment may be turned in to educational or training institutions for credit under such terms as may be approved by the Administrator, or disposed of in such other manner as may be approved by the Administrator.'

"SEC. 7 (a) The proviso in paragraph 1 of part VII of Veterans Regulation Numbered 1

(a), as amended, is amended to read as follows: '*Provided*, That no course of training in excess of a period of four years shall be approved except with the approval of the Administrator, nor shall any training under this part be afforded beyond nine years after the termination of the present war.'

"(b) Effective on the first day of the first calendar month subsequent to the date of enactment of this Act, paragraph 3 of part VII of Veterans Regulation Numbered 1 (a), as amended, is amended to read as follows:

"3. While pursuing training prescribed herein, and for two months after his employability is determined, each veteran shall be paid the amount of subsistence allowance specified in paragraph 6 of part VIII of Veterans Regulation Numbered 1 (a), as amended: *Provided*, That the minimum payment of such allowance, plus any pension or other benefit, shall be, for a person without a dependent, \$105 per month; and for a person with a dependent, \$115, plus the following amounts for additional dependents: (1) \$10 for one child and \$7 additional for each additional child, and (2) \$15 for a dependent parent: *Provided further*, That the rates set out herein shall not be subject to the increased authorized by Public Law Numbered 312, Seventy-eighth Congress, approved May 27, 1944: *And provided further*, That when the course of vocational rehabilitation furnished to any person as herein provided consists of training on the job by an employer, such employer shall be required to submit monthly to the Administrator a statement in writing showing any wage, compensation, or other income paid by him to such person during the month, directly or indirectly, and based upon such written statements, the Administrator is authorized to reduce the subsistence allowance of such person to an amount considered equitable and just."

"SEC. 8. Title III of the Servicemen's Readjustment Act of 1944, as amended, is amended to read as follows:

"TITLE III—LOANS FOR THE PURCHASE OR CONSTRUCTION OF HOMES, FARMS, AND BUSINESS PROPERTY

"CHAPTER V—GENERAL PROVISIONS FOR LOANS

"SEC. 500. (a) Any person who shall have served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to the termination of the present war and who shall have been discharged or released therefrom under conditions other than dishonorable after active service of ninety days or more, or by reason of an injury or disability incurred in service in line of duty, shall be eligible for the benefits of this title. Any loan made by such veteran within ten years after the termination of the war for any of the purposes, and in compliance with the provisions, specified in this title, is automatically guaranteed by the Government by this title in an amount not exceeding fifty per centum of the loan: *Provided*, That the aggregate amount guaranteed shall not exceed \$2,000 in the case of non-real-estate loans, nor \$4,000 in the case of real-estate loans; or a prorated portion thereof on loans of both types or combination thereof."

"(b) Loans guaranteed under this title shall be payable under such terms and conditions as may be agreed upon by the parties thereto, subject to the conditions and limitations of this title and the regulations issued pursuant to section 504: *Provided*, That the liability under the guaranty within the limitations of this title shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation: *Provided further*, That loans guaranteed under this title shall bear interest at a rate not exceeding four per centum per annum and shall be payable in full in not more than twenty-five years, or in the case of loans on farm realty in not more than forty years: *And provided further*, That (1) the maturity on a non-real-estate loan shall not exceed ten years; (2) any loan for a term in

excess of five years shall be amortized in accordance with established procedure; (3) except as provided in section 505 any real-estate loan, other than for repairs, alterations or improvements, shall be secured by a first lien on the realty, and a non-real-estate loan, except as to working or other capital, merchandise, good will and other intangible assets, shall be secured by personalty to the extent legal and practicable."

"(c) An honorable discharge shall be deemed a certificate of eligibility to apply for a guaranteed loan. Any veteran who does not have a discharge certificate, or who received a discharge other than honorable, may apply to the Administrator for a certificate of eligibility. Upon making a loan as provided herein, the lender shall forthwith transmit to the Administrator a statement setting forth the full name and serial number of the veteran, amount and terms of the loan, and the legal description of the property, together with the appraisal report made by the designated appraiser. Where the loan is automatically guaranteed, the Administrator shall provide the lender with a loan guaranty certificate or other evidence of the guaranty. He shall also endorse on the veteran's discharge, or eligibility certificate, the amount and type of guaranty used, and the amount, if any, remaining. An amount equivalent to four per centum on the amount originally guaranteed shall be paid to the lender by the Administrator out of available appropriations, to be credited upon the loan. Nothing herein shall be deemed to preclude the assignment of any guaranteed loan nor the assignment of the security therefor."

"(d) Loans guaranteed hereunder may be made by any Federal land bank, national bank, State bank, private bank, building and loan association, insurance company, credit union, or mortgage and loan company, that is subject to examination and supervision by an agency of the United States or of any State or Territory, including the District of Columbia. Any loan at least twenty per centum of which is guaranteed under this title may be made by any national bank, or Federal savings and loan association; or by any bank, trust company, building and loan association or insurance company organized or authorized to do business in the District of Columbia; without regard to the limitations and restrictions of any other statute with respect to—

"(1) ratio of amount of loan to the value of the property;

"(2) maturity of loan;

"(3) requirement for mortgage or other security;

"(4) dignity of lien; or

"(5) percentage of assets which may be invested in real estate loans."

"(e) Any loan proposed to be made to an eligible veteran by any lender not of a class specified in subsection (d) may be guaranteed by the Administrator, if he finds that it is in accord otherwise with the provisions of this title, as amended."

"PURCHASE OR CONSTRUCTION OF HOMES

"SEC. 501. Any loan made to a veteran under this title, the proceeds of which are to be used for purchasing residential property or constructing a dwelling to be occupied as his home or for the purpose of making repairs, alterations, or improvements in property owned by him and occupied as his home, is automatically guaranteed if made pursuant to the provisions of this title, including the following:

"(1) That the proceeds of such loan will be used for payment of the property purchased or constructed or improved;

"(2) That the contemplated terms of payment required in any mortgage to be given in part payment of the purchase price or the construction cost bear a proper relation to the veteran's present and anticipated income and expenses; and that the nature

[PUBLIC LAW 270—79TH CONGRESS]

[CHAPTER 590—1ST SESSION]

[H. R. 4780]

AN ACT

To amend the Second War Powers Act, 1942, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) title II of the Second War Powers Act, 1942, as amended, is amended by adding thereto the following section:

“SEC. 202. The Authority to acquire property, or any use thereof or interest therein, granted by section 2 of such Act of July 2, 1917, shall not be exercised after the date upon which this section becomes effective.”

(b) Title IX of the Second War Powers Act, 1942, as amended, is hereby repealed.

(c) Title III of the Nationality Act of 1940, as amended by title X of the Second War Powers Act, 1942 (relating to naturalization of persons serving in the armed forces of the United States during the present war), is amended as follows:

“(1) Section 701 of such title is amended by striking out ‘and (3) the petition shall be filed not later than one year after the termination of the effective period of those titles of the Second War Powers Act, 1942, for which the effective period is specified in the last title thereof’ and inserting in lieu thereof ‘and (3) the petition shall be filed not later than December 31, 1946’.

“(2) Such title is amended by adding at the end thereof the following new section:

“‘SEC. 706. No person shall be naturalized under the provisions of this title unless such person has served in the military or naval forces of the United States prior to the date of enactment of this section’”.

(d) Title XI of the Second War Powers Act, 1942, as amended, is hereby amended by adding thereto the following section:

“SEC. 1107. On and after January 1, 1946, the authority granted by this title shall be exercised only for the benefit of personnel of the armed forces of the United States stationed abroad.”

(e) Title XII of the Second War Powers Act, 1942, as amended, is hereby amended by substituting the date “December 31, 1945” for the date “December 31, 1946” wherever the latter date appears in such title.

(f) Section 1501 of title XV of the Second War Powers Act, 1942, as amended, is hereby amended to read as follows:

“SEC. 1501. Titles I to V, inclusive, and titles VII, XI, and XIV of this Act, and the amendments to existing law made by any such title, shall remain in force only until June 30, 1946, or until such earlier time as the Congress by concurrent resolution, or the President, may

designate, and after such amendments cease to be in force any provision of law amended thereby shall be in full force and effect as though this Act had not been enacted; but court proceedings brought under any such title shall not abate by reason of the termination hereunder of such title."

Approved December 28, 1945.